The China Weekly

REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

August 5, 1939

U.S. Trade Treaty Abrogation

AN EDITORIAL

Shanghai and Tokyo Parleys

BY JOHN AHLERS

Japan's Tientsin Demands

Modernity Grips Kweichow

BY C. F. YANG

Japan and the 'Axis'

BY RYURI YOSHIMURA

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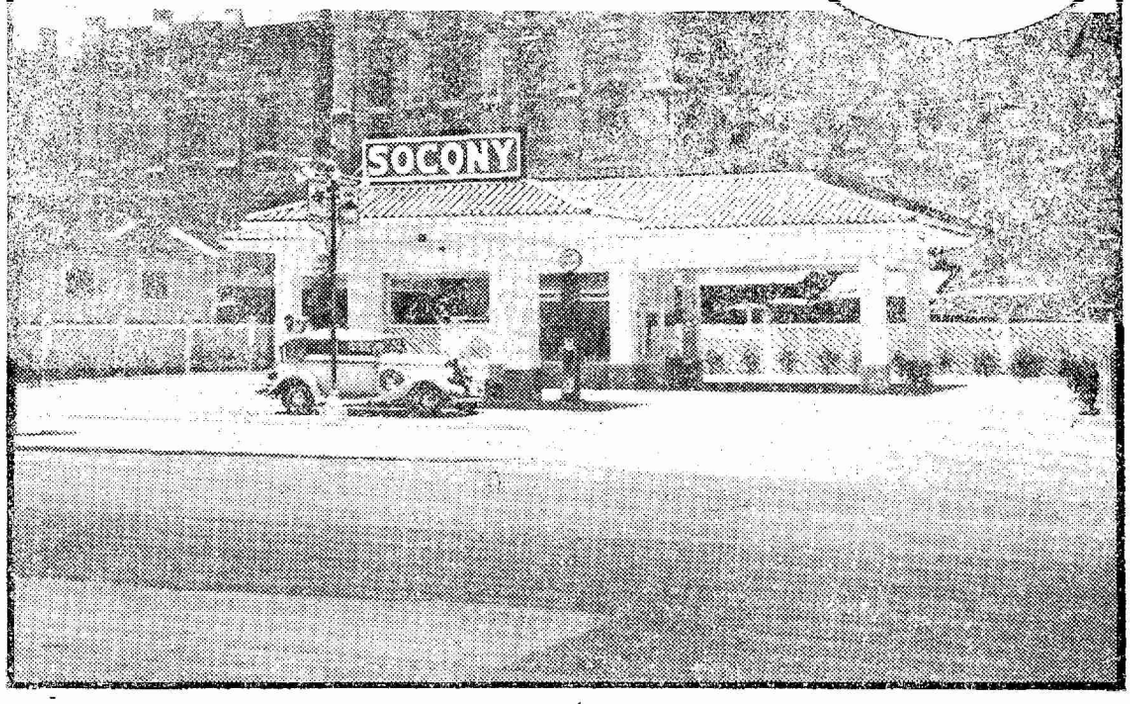

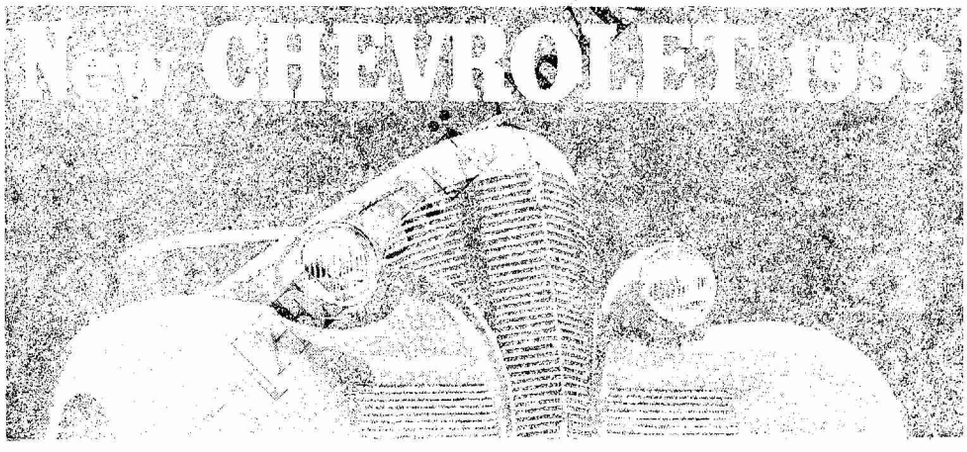

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THE GREAT BETRAYAL

The story of the "Second Munich," perpetrated in Tokyo on July 22, 1939, by the British Conservative Government, will appear in THE CHINA PRESS' SUNDAY MAGAZINE on August 6.

Why Did Britain Betray China?

The article, written by ALFRED LUSK, will analyze the reasons which impelled the Tory Government to alter its Far Eastern policy in the face of Japanese military intimidation.

Britain's pre-occupation with the affairs in Europe; her fear of Soviet power in the Pacific; her desire to split the Far East into spheres of influence are among the topics discussed in the article.

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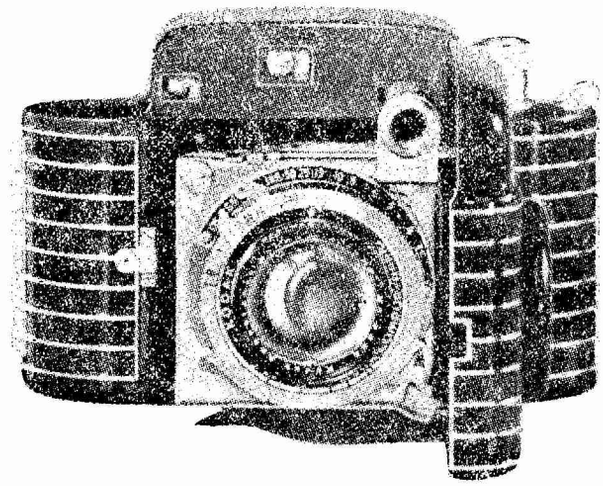

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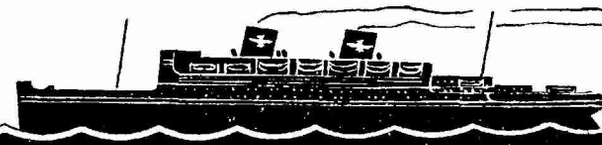

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What People Are Saying

Comments from Readers on Current Topics are cordially invited; their opinions, however, do not necessarily represent the views of the *China Weekly Review*.

CALLING ALL NATIONS

To the Editor:

Calling all nations to beware of an individual, who walks like a man. Called Appease-Master. Carries an umbrella in his hand and a double-cross up his sleeve. The vacillating ministers of Westminster are again wobbling toward Munich and appeasement. The unhappy spectacle of the government of the "Greatest Empire that the World has Seen" kowtowing to tyrants who have brought untold misery to millions, is inexplicable except on the ground of national degeneracy.

During the Great War, Britain promised Palestine to both Jews and Arabs, and for 20 years England has explored every avenue of escape from the dilemma. The final decision is to create an Arab-dominated state with the Jews in permanent minority. And, another episode is registered on Britain's Escutcheon of Dishonor.

Jews have been the scape-goats in many countries, even in Algeria, over which floats the Tricolor of the country which gave to the world the Declaration of the Rights of Man. The pogrom, which was incited by fascists, claimed the lives of hundreds, mostly old people and children, all of whom had their throats cut. When discontent arises, it is a political ruse to blame it on Jews or capitalism. Hitler marshaled all the shopkeepers of Germany by holding out the prospect of closing all Jewish shops.

Nations like Germany, Italy and Japan, which fill the world with homeless refugees, should be ostracized, boycotted and isolated within impenetrable barriers, where they would be left to their own devices. Injustice and crime spread like a deadly miasma. Each individual, who has any regard for justice should make a vow that during his life no article of German, Italian or Japanese origin shall be purchased.

In Germany, in addition to direct murder, there is a cold pogrom which drives the victims from their business and occupation to die from starvation. Jew-baiting is the oldest political trump card. Hitler uses race hatred as fuel for his Nazi machine. Citizens of the older generation of Germany look back upon happier days under Kaiser Wilhelm, who, notwithstanding vicious war propaganda, is a great, cultured and good man, worthy to reign over any country. His place has been usurped by Hitler, a victim of delusional insanity, which shows itself in great self-assertion, intense egotism, ruthless desire for power and megalomania.

The whole Jewish question is wrapped-up in Palestine and any betrayal will have world-wide repercussion. The management of the Palestine question has been marked by muddling and trickery. The cause of the Jews is a just cause, and the Jews would be well advised to fight it to a finish. How long will the Almighty restrain His hand from dictator robbers, rapists and baby killers? It is now the darkness of Israel's night and the depths of her humiliation.

F. E. BURNHAM,
Brigadier-General.

Halcyon Hot Springs,
Arrow Lakes, B.C.,
June 30, 1939

WE STAND CORRECTED

To the Editor:

On looking over your magazine, Volume 89, No. 2, we see on page 59 in the column of Who's Who in China, an account of the life of Mr. Hsiao Chia-chu. In this account it is stated that Mr. Hsiao is a senior staff officer of the New Fourth Army.

This statement, we wish to officially inform you and your readers, is not true. Mr. Hsiao has been in service in our Army, but not as a senior staff officer. He was here as a common military teacher in our Training Camp. He remained here for a short time only. He has now left our Army and entered service some other place.

Hoping that you will publish this letter in your magazine so as to correct wrong information.

CHANG YUNG-YO,
Chief of Staff.
CHOW TZE-KUN,
Vice-Chief of Staff.

New Fourth Army H.Q.,
Anhwei,
June 27, 1939

HAIPHONG WORSE

To the Editor:

Conditions in this port are getting worse. The river is full of ships, some of which wait weeks for a berth to discharge. The new import restrictions into China may reduce the amount of cargo through this port but I imagine the government will take advantage and consign more through here. Those who have been over the Burma Road recently seem to feel they will not be able to hold it open when the monsoon breaks. That will throw a further burden on this gateway.

BUSINESS.

Haiphong, French Indo-China,
July 20, 1939

BOMBING TROUBLES

To the Editor:

The Japanese again bombed Chungking, near midnight of July 5 and 6. In the second raid our building was again hit by one demolition bomb which landed just in front of the building. All offices on that side were again

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

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thrown into confusion. Two or three persons were killed instantly, while a few were wounded when fragments of bombs penetrated into the building. All this took place right in front of me. My friend, M. H. Hsu of **The China Forum** and I did our best to stop the bleeding of the wounded. As we had no cotton bandages in the office, we simply tore up our own clothes and used them to stop the flow of blood. I believe we saved one life in this manner.

I was so shocked by what happened that I became ill myself the next day, and had to go to the Tien Yi hospital.

C. Y. W. MENG.

Chungking, July 19, 1939

CENSORSHIP GRIEF

To the Editor:

Two or three weeks ago I sent you a letter to renew my subscription for your paper. I must inform you that I have not received any copies since April 15. While I have received two copies of **Asia** and one copy of **Current History**, I also have received no copies of **The Mercury Evening Post** for which I subscribed.

I can understand that this is the "New Order in East Asia" being applied to me, but why you foreigners allow your publications to be censored and detained by the Japanese in the Chinese Post Office is beyond my comprehension.

Why doesn't your consul take adequate measures to protect your legitimate rights? As I must stay in this place, I request you to make another attempt to send me your papers.

Y.M.W.

Lihwang, Anhwei,
July 20, 1939

The Voice Of Experience.

These Canadian Mothers Praise Baby's Own Tablets.

There can be no better recommendation for a children's medicine than the experience of mothers who have raised large families in health and happiness. The following striking tributes are paid to the merits of Baby's Own Tablets, as a health corrective for young children, by three Canadian mothers.

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U. S. Abrogation of Trade Treaty With Japan Offsets British Capitulation in Tokyo

THE stock market is usually a fairly reliable barometer by which to gauge public and official sentiment. Thus when leading stocks fell off sharply on the Tokyo Stock Exchange on Thursday of last week, there was good reason for believing that America's abrogation of the 1911 Treaty of Commerce and Navigation with Japan had come as a severe body blow to the already none-too-confident imperialists of Dai Nippon. Stocks declined in about the same measure as they had risen only a few days previously with the announcement of the Craigie-Arita agreement. Japan's currency, rendered anaemic by two and a half years of war debilitation, also showed further weakening.

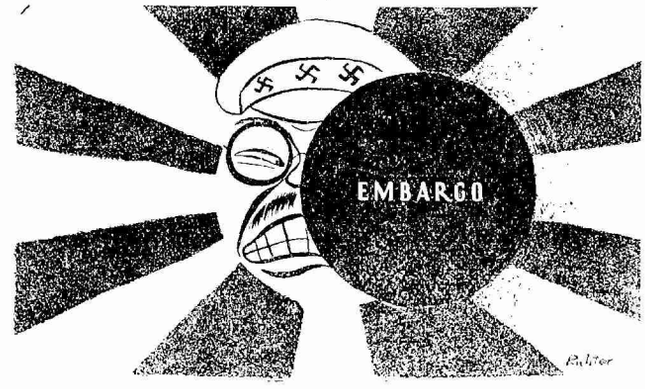
While it would not be correct to say that Japanese advantages from the Craigie-Arita agreement—the final consequences of which have still to be revealed—have been entirely offset by the action of the United States, it is clear that they have been nullified to a considerable extent. Outstanding among the immediate consequences of the American move are a visible stiffening of Britain's attitude in the Tokyo negotiations and the instilling of fresh hope and confidence into the Chinese Government at Chungking.

There are as yet, of course, no tangible results from the move made in Washington. The treaty with Japan has been denounced, but it will cease to be of effect only in January of next year, since six months' notice of abrogation is required. That notice has been given. Unless a new treaty is made, American-Japanese trade relations will thenceforth be maintained, if at all, on terms and conditions unilaterally decided by the government in Washington. This would mean, among other things, that Japan would lose most favored nation treatment for her exports to the United States and become subject to what, in effect, would be a discriminatory tariff, if such were decided upon, and a possible embargo against certain of her vital export commodities. There may also be a prohibition of further American war supplies to Japan.

The warning to Japan is clear and unmistakable. In the plainest terms, Tokyo has been told that the United States is no longer prepared to submit to arbitrary violation of her trade and investment interests in China as legally safeguarded in the Nine-Power Treaty, to outrageous bombing attacks on the properties of her missionaries, and the constant imperilling of the lives of her nationals in this country through the actions of the Japanese military—not to speak of petty persecutions and humiliations to which American nationals are periodically subjected in areas under Japanese control.

In order that there might be no misunderstanding in Tokyo on this score, Secretary of State Cordell Hull on July 27 "clearly indicated that there must be a satisfactory settlement of political differences between the United States and Japan before any new treaty can be negotiated." This was according to a *United Press* dispatch from Washington, which also attributed to Secretary Hull the remark that the abrogated treaty "contains certain provisions which need new consideration," to which he added the further remark that greater Japanese respect for American rights and interests in China was one of the issues to which Japan would be required to pay attention.

Considerable comment was aroused by the fact that the decision to abrogate the treaty with Japan was apparently arrived at by President Roosevelt and Secretary Hull, and publicly announced, before the Senate had had an opportunity to act on a resolution by Senator Vandenberg calling for the denunciation of the treaty with Japan. This haste, according to the Nazi newspaper, the *Berliner Boersenzeitung*, was motivated by the fear entertained in Washington that the United States might become involved in "the British defeat in the Far East" and also by President Roosevelt's desire to efface the unfavorable impression created in London by Secretary Hull's statement that Washington was not informed by the British Government of the negotiations which led to the Craigie-Arita agreement.



China Today (*New York*)

The Paris *Temps* declared that the United States' decision to abrogate the treaty with Japan was reached in the closest accord with London. Secretary Hull told his press conference on July 28, however, that information had been exchanged with Britain and France only *after* Washington had reached and made known its decision.

According to a *Transocean* dispatch from Washington on the same day, denunciation of the treaty with Japan was "almost universally approved in Congress circles

and even by the Isolationists." Among the supporters of the action, the agency said, was Senator Arthur Vandenberg, Republican, who had previously submitted to the Senate Foreign Relations Committee a resolution designed to reach the same goal. He reportedly declared that he was pleased to find himself in agreement with the Government at last. Political circles in Washington, according to the same agency, saw in the abrogation of the treaty "a first step towards a more active policy by the United States in the Far East," with a possible embargo on the export of war materials to Japan.

The *New York Times* declared that although the possibility of an actual embargo against Japan was at least six months distant, the United States' action in abrogating the treaty "is of capital importance." Continuing, the paper said:

"It cannot fail to encourage China in a dark hour. The Chinese have suffered a heavy blow through forced concessions by Britain to Japan's special requirements. There is no doubt that the United States desires to encourage the Chinese Government and stiffen its morale."

The American action, the journal continued "has notified Britain that, if she adopts a stronger policy in the face of Japanese pressure, she will not stand alone . . .

"It will strengthen the British position in the Tokyo negotiations.

"It may readily encourage the British Government or private British interests to extend new credits to China to purchase materials for self-defense. And finally it tells Japan we still take promises seriously and regard ourselves and Japan, too, bound by the Nine-Power Treaty.

"The Japanese Government should not have the slightest reason to doubt that the opinion of an overwhelming majority of the American people is solidly behind the State Department," the *Times* concluded.

***

ACCORDING to the New York *Post*, the abrogation of the treaty reflects demands in the United States for an embargo on the shipment of war material to Japan. These demands, the paper said, were growing so insistently that an embargo was the next step upon which a national decision must be reached. "The gun that Japan points at our head was made in America. An embargo against Japan would be a proper and legal rebuttal to Japanese treaty violation and would also take from Japan the weapons which make treaty violations possible . . . An embargo from this viewpoint would be an act of self-defense rather than an act tending toward war."

Reactions in Japan to the abrogation of the 1911 treaty were reported in Shanghai in highly contradictory fashion, depending upon the nationality of the news agency carring the reports. Thus the British *Reuters* agency, in a dispatch from Tokyo on July 28, said "it is increasingly apparent that the forthright denunciation of the 1911 Treaty of Commerce between Japan and the United States has deeply shocked all circles in Japan." The Japanese *Domei* agency, on the other hand, asserted with equal assurance in a Tokyo dispatch that abrogation of the treaty was "no shock to Japan, which has already completed preparations against all possible emergencies, being grimly determined to overcome any difficulty or foreign intervention in the construction of a new order in East Asia." This attitude, the agency said, was expressed by "qualified observers."

The Tokyo newspapers, according to *United Press*, took a somewhat defiant attitude when the American action first became known, warning that abrogation of the treaty would be unfavorable to America. The *Asahi Shimbun* was quoted as saying that Japan would not be affected even by an embargo on war materials, because the United States has already been enforcing an arms embargo against Japan "in one form or another." The *Chugai Shogyo Shimpo*, leading commercial daily in Tokyo, said the United States had the upper hand in trade with Japan, selling that country more than 915,000,000 yen worth of goods last year while purchasing from Japan only 425,000,000 yen worth, and that this favorable balance made it unlikely that denunciation of the trade treaty would be followed up by any serious economic retaliation against Japan. The paper said that silk had become indispensable in American life and 200,000 Americans were engaged in the silk industry. Consequently, Washington would not be in a position to drastically reduce silk imports from Japan.

Domei brought two reports from Tokyo as to the attitude of the Japanese Government with regard to a new trade treaty with the United States—both on the same day, July 28. The reports were as follows:

1. "Japan's readiness to accept an American proposal for the conclusion of a new American-Japanese treaty of commerce and navigation 'adapted to new conditions in the Far East' was proclaimed here early this mo ning by the spokesman for the Foreign Office."

2. "Japan will not take the initiative in concluding a possible new treaty of commerce and navigation with the United States, authoritative Government circles indicated today. The Japanese authorities, they said, would maintain a 'wait and see' attitude."

According to a *Reuter* report, the Tokyo Foreign Office spokesman declared the same day that "undoubtedly the new situation in East Asia demands a new treaty . . . At present, we do not say we are going to demand American recognition of the new situation in East Asia."

Economic quarters in Tokyo were quoted by *Transocean* as saying that the American action was an "economic challenge,"

New Masses (*New York*)

taking it for granted that the step was taken after consultation with the British Government in order to strengthen Britain's hand in the Tokyo negotiations on the Tientsin issue. Political circles, the German agency said, believed the treaty had been abrogated by Washington to prepare the ground for an embargo on shipments of arms and war materials to Japan.

Shanghai's *Tairiku Shimpo* also expressed the view that the abrogation of the treaty foreshadowed an arms embargo against Japan.

***

ANOTHER variety of comment was forthcoming from Mr. Shikao Matsushima, director of the Bureau of Commerce of the Tokyo Foreign Office. Prefacing his remarks with the statement that no retaliatory measures against the United States were being "considered at all," he went on to say: "As a matter of fact, we were anxious to do something about that balance of trade which has been chronically in the favor of the United States." (*Domei*).

A resolution expressing regret over America's abrogation of the treaty and requesting the Japanese Government to ascertain the "real intentions" of the United States Government, was adopted by the committee of the Minseito, one of the two major political parties in Japan, at a special meeting on July 28. *Domei* reported that the committee pledged the party "to do its utmost to induce America to understand the new situation in East Asia and on the other hand to assist the Government in planning possible counteraction against the United States."

From Peiping came a *United Press* message on July 29, saying Japanese military leaders had indicated that they do not entirely preclude the possibility of an anti-American campaign in Japanese-occupied areas of North China in retaliation for America's abrogation of the trade treaty with Japan. Hinting that such steps were not impossible, a high Japanese military official was reported as saying: "No one would have thought a few years ago that Britain and Japan would have come to the present situation. Time will decide." The following revealing information was appended to the *United Press* dispatch:

"Although a Japanese Embassy spokesman admitted that the American authorities were the only third Power officials to cooperate fully with the Japanese in providing the Japanese military authorities with maps marking the locations of American missions and property in China, it was learned that American property was bombed by Japanese thirty times since March 1, twice more than any other third party property."

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CHINESE Government circles in Chungking, alarmed and disappointed by the Craigie-Arita agreement a few days previously, were jubilant over the American action. Dr. Wang Chung-hui, the Foreign Minister, issued a statement to *United Press* in which he expressed the gratification of the Chinese Government over America's action. "America has always been known for her sense of justice and China has always had unswerving faith in the American people . . . The American Government, in coming to this decision, I am sure, has taken into full consideration the great 'disorder in East Asia' which has been created by the Japanese militarists. The Chinese people welcome the announcement of the termination of the treaty as an indication of the desire of the United States to maintain her position and prestige in the Pacific region. May this action presage a more definite and more positive attitude on the part of America to do what is within her power to stop international lawlessness and restore peace, confidence and goodwill among nations."

Dr. H. H. Kung, president of the Executive Yuan and Minister of Finance, told the press that America's act was proof of her determination to take unilateral action in checking Japanese aggression. He said that it dissipated reports that refusal of the United States to cooperate with Britain had obliged the latter to reach a compromise with Japan. Washington's resolute action, he added, was a form of moral support for China and manifested a determination to maintain peace and order in the Far East.

Political circles in Chungking, according to a *Kuo Min* dispatch, interpreted the action of the American government as a direct result of the announcement of the recent Anglo-Japanese formula. Washington realized, according to these circles, that if the formula is interpreted according to Japanese pronouncements, it would bring an abrupt shift of the balance of power in the Far East and inevitably force America to follow Britain's example or face a showdown with Japan.

The Shanghai *Chung Mei Jih Pao* declared that the abrogation of the treaty "has cleared the path for the imposition of an embargo on the sale of war materials to Japan . . . The imposition of such an embargo is, however, not permitted by the terms of the American-Japanese Treaty of Commerce and Navigation of 1911, which contains the most-favored-nation clause. President Roosevelt's sudden denunciation of the treaty has removed this obstacle. Incidentally, Washington's resolute action is a warning to Japan and an encouragement to Britain."

According to the *Shun Pao*, denunciation of the treaty is an important contribution to the restoration of international law and order. "Though the treaty abrogated is a commercial treaty, the significance of its abrogation is more than economic. The dramatic suddenness with which the treaty was denounced by Washington has caused consternation in Tokyo. It is a warning to Japan in connection with her repeated violations of American rights and interests in this part of the world." To this the paper added: "Great Britain's capitulation at Tokyo is deeply regretted because it is a blow to public confidence in international justice. The resolute action taken by the United States restores such confidence and tends to place cowards on their legs again."

*
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THE London *News-Chronicle* asserted that President Roosevelt had given the British Government an object lesson in Far Eastern policy. In the view of the *Daily Telegraph*, the suddenness of the President's action had shown the world that the democracies, on occasion, could vie with the totalitarian states in tactics of surprise. It was also a salutary reminder to Japan that she could not go on indefinitely making the best of both worlds and cannot ride roughshod over the rights of others without sooner or later provoking retaliation.

According to the London *Daily Herald*, the Craigie-Arita agreement and America's denunciation of the trade treaty with Japan showed on the face of things that there is little appearance of consultation and cooperation between Britain and the United States, although there had been many assurances of continuous consultations between the two countries in Far Eastern affairs.

Transocean reported from London, however, that the abrogation of America's treaty with Japan did not come as such a complete surprise to the British Government as the press in England made out, and made the assertion that although no prior consultations took place between Washington and London, the British Government was nevertheless informed of the American intention. According to well-informed circles, the agency said, Britain would not follow America's action and denounce the Anglo-Japanese commercial treaty unless the Tokyo negotiations broke down.

That there is a body of opinion in England which favors abrogation of the British trade treaty with Japan, was indicated in a resolution adopted in London July 28 by the Executive Committee of the League of Nations Union. The resolution urged the British Government to take every possible step to check the Japanese invasion in China and, particularly, to follow the United States' lead and abrogate the Anglo-Japanese commercial treaty.

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WHILE, according to *United Press*, officials of the French Foreign Office expressed the warmest praise for what they termed America's initiative, they intimated that France would not denounce her trade treaty with Japan unless Britain did likewise. They also appeared to fear, the agency said, that President Roosevelt's action might provoke the totalitarian powers into precipitating an early crisis in Europe because of the

Competition for the Old Master

Chicago Tribune

An Anglo-French-Soviet agreement is again reported as "imminent" and Britain and France are sending military missions to Moscow to try and speed things up.

necessity of obtaining minerals for their Asiatic partner, since Japan had to have minerals to prevent a catastrophic end to her China campaign. The French press, according to *Transocean*, took the view that the United States Government has stiffened its attitude in the Far East in order to afford Britain the opportunity of concentrating her attention more closely on developments in Europe.

The Nazi press, according to the same source, believes that American abrogation of the treaty will be followed by an embargo on the export of arms and war materials to Japan, but also believes that Japan will be able to overcome this difficulty just as Italy did in the Ethiopian campaign. The *Deutsche Allgemeine Zeitung* wrote: "Great Britain has in her present weakness cast about for help in an effort to maintain her position. In the Far East she has retreated to Singapore, taking France and Holland in tow at the western entrance to the Pacific. America is now expected to repair the defeat suffered at Tientsin. That is the real import of America's denunciation of the trade treaty with Japan."

Mussolini's organ, the *Giornale d'Italia*, described the denunciation of the treaty as President Roosevelt's "personal contribution to a democratic war against Japan. His action recalls sanctions, but if Japan loses American supplies she can find other markets. Roosevelt acted for reasons of home policy. It is understood that the decision was made in agreement with London to gain time and calm down anti-British feeling in Japan. While London and Paris rejoice, Japan continues her collaboration with the Axis powers." Another Fascist newspaper, *Tevere*, accused President Roosevelt of an "incongruous and hypocritical attitude," declaring that "only a few months ago he reaffirmed the desire of the United States to see world-wide economic recovery, while now his sudden decision to abrogate the treaty will result in the stoppage of the greater part of American shipping across the Pacific."

Shanghai's Future Prosperity Depends Upon Outcome Of Tientsin Negotiations

BY JOHN AHLERS

WHETHER or not the prosperity which Shanghai enjoyed during the past twelve months will last, is a question which at the present moment preoccupies most Shanghailanders. Recent financial, economic and political developments fundamentally changed the position of, and the outlook for, Shanghai business. In more than one respect, those conditions have disappeared which were at the bottom of the revival of local business, and we are confronted with a new situation which has caused much doubt and uncertainty.

The uncertainty of the present business outlook in Shanghai is reflected by the Stock Exchange. Under the former conditions, the further devaluation of Chinese national currency since the third week of July ought to have resulted immediately in a strong appreciation of the shares of local business enterprises. There actually was an initial trend in that direction, but this trend was short-lived, and soon sellers prevailed over buyers in all sorts of shares of Shanghai-located manufacturing industries, public utilities, and real estate companies. The favor of the Stock Exchange was shown instead to rubber shares and other values, based upon enterprises located outside of China, and unlikely to be affected by the new situation here except for higher returns in local currency.

Many businessmen may not agree with the use of the term "prosperity" to designate recent business conditions in Shanghai. We have been far, it is true, from a return of that grand old fairy-tale prosperity of the years preceding the Great Depression. We have remained far from the restoration even of pre-war conditions. Nevertheless, if we recall the conditions in the winter of 1937-38 as compared with those of the first half of this year, it cannot be denied that there has been a very substantial revival of general business in Shanghai, which in comparison with the state of affairs in all the rest of China might well be called prosperity. Certain branches of local business even experienced an all-time boom, as exemplified most impressively in the cotton industry.

Shanghai's foreign shipping at present far surpasses that of the year before and almost equals that of pre-war times. Shanghai's foreign trade in January-June, 1939, increased about 100 per cent over the year before. Local imports, of late months, remained only 10 per cent behind their value in the prosperous months immediately preceding the outbreak of the war. Those local manufacturing industries which escaped war destruction, and a great many newly-built plants, are fully or almost fully employed. The public utilities expanded their services all over the Settlement south of Soochow Creek and the French Concession, and show satisfactory earnings despite the curtailment of their activities in the Japanese-occupied parts of the city.

More than once also in years of crisis in the past, Shanghai managed to bring about boom conditions while other parts of China suffered from severe depression. Shelter and safety in the Settlement and Concession here used to attract, when the interior was on fire, idle capital and enterprise from the interior and occasionally also from outports. In past times of crisis, however, local conditions were vastly different from what they are at present. In the past, the western powers, backing up the Settlement and Concession, were always able to cope with the disturbing forces in China, as well as to protect local business efficiently and to keep open the mercantile roads to the hinterland.

Conditions are very different nowadays. The disturbing forces in China today, i.e., the Japanese, at least here on the spot, are proving superior to the powers behind the settlements and concessions, and there is, in the long run, no longer any guarantee of safety here against those forces. The Japanese also monopolize the routes from Shanghai into the hinterland, and for more than a year and a half have kept the Yangtsze River closed to non-Nipponese trade and shipping. As a result, the volume of Chinese produce forthcoming for manufacture or exports to Shanghai has remained extremely low and lagged far behind the general recovery, with monthly exports of such produce here totalling of late hardly U.S.$5,000,000 as compared with twice that value in the last pre-war months. All the more remarkable was Shanghai's recent comparative prosperity.

Any analysis of the elementary conditions at the bottom of that prosperity is likely to disclose three main factors whose combination made possible the business revival here. Foremost among these factors doubtless was the liberal provision, throughout the first two years of the present war, of foreign exchange from the Chinese currency reserves. China failed to follow in that respect, the example set by the Allied Powers in the Great War when France, Russia, Belgium, Serbia, Rumania and Italy all abstained from devoting any portion of their currency reserves for the relief of those of their territories which temporarily had fallen into the hands of the Central Powers. Although Shanghai has been behind the Japanese lines for about 20 months, the Chinese until only two weeks ago continued to allot foreign exchange freely in vast amounts to Shanghai. It has been upon Shanghai that in recent months the Anglo-Chinese Stabilization Fund in Hongkong spent the bulk of its reserves.

These exchange allotments to Shanghai created currency facilities here which for over a year were without parallel anywhere else in the Japanese and Chinese spheres of power. Far-reaching restrictions of exchange transactions were enforced in Japan proper, the Japanese colonies, Manchuria, North China and Free China, with only Shanghai remaining free from such restrictions. This situation was the more extraordinary since Shanghai's balance of exchange was heavily adverse, and with that adversity constantly increasing but continuously covered by the Chinese. Naturally, all the nations engaged in Far Eastern trade made extensive use of the local exchange facilities, and attracted to, or financed via Shanghai were substantial volumes of trade on behalf of Japan and Manchuria, which otherwise would have stayed away from this city. The Japanese succeeded in greatly alleviating their tight exchange situation via Shanghai.

It was in this situation that the local industries found it possible to substitute, on a large scale, foreign raw materials for Chinese produce which ceased to come forth from the interior. The local cotton mills imported so much Indian, American and Brazilian cotton that for months local cotton imports accounted for about 30 per cent of the total value of Shanghai's imports. Total imports of Shanghai in the first half of this year reached almost U.S.$100,000,000, although exports did not surpass U.S.$30,000,000 during the same period. The devaluation of China's national currency greatly assisted Shanghai manufacturers by cheapening costs of labor and other services, as expressed in foreign exchange, so that several cotton and other concerns managed to harvest the highest profits ever made in their history.

Apart from exchange, Shanghai during the past twelve months also enjoyed an extremely favorable trade regime as compared with other parts of China or with Japan. There are no import and export restrictions here except for the limitations set by the customs tariff. The enforcement in Shanghai of the new tariff for the Japanese-occupied areas as from June 1, 1938, proved an advantage over the legal tariff of 1934, because the increasing shortage in Japan of goods for peace-time consumption made it impossible for the Nipponese to swamp Shanghai with those made-in-Japan goods which the 1938 tariff chiefly favored. The supplementary restrictions of imports and exports which were applied in the North were not extended to Shanghai, and on the other hand, also, the National Government was unable to introduce here its new trade restrictions.

It has been upon these factors that Shanghai's recent prosperity was based. In many respects, Shanghai appeared as a fortunate island of freedom of trade, favored by huge exchange facilities, situated in the midst of areas where trade and exchange restrictions and controls of all sorts abounded. This situation, however, underwent a fundamental change during the month of July. Some of the basic factors at the bottom of local prosperity appear to have been definitely eliminated. Most of the recent new financial and economic developments in China seem bound to work against Shanghai, and to encroach upon Shanghai's prosperity.

First of all, there is the discontinuance of the Hongkong Fund's sales of exchange to Shanghai as from July 18. The local exchange rates for national currency have dropped to a level which, at least for the time being, places insurmountable obstacles in the way of many imports. Moreover, the present interlude in exchange intervention is not a mere repetition of the similar measure taken in June. There can be no doubt that unlimited provision of foreign exchange for Shanghai will not be resumed under any circumstances. If the Hongkong Fund or the Chinese Government banks should choose to intervene again in the Shanghai exchange market, they will do so only within the strict limits of some application system which will confine exchange allotments to certain specified imports and import firms, definitely excluding all the others from access to the Chinese exchange reserves.

A large portion of the huge Chinese mobile capital funds in Shanghai has become "frozen" due to the extension of the "wei-wah" measure which, looking backwards, now appears as a measure preparatory to the July devaluation. The new "wei-wah" certificates may be of great assistance to the Chinese banks, but are of little avail to the depositors of "wei-wah" funds. The possibilities of converting "wei-wah" money into cash have been narrowed. The National Government's discontinuance of the servicing in Shanghai of Chinese domestic loan bonds, and the redemption here of banknotes of northern issues in "wei-piao" remittance certificates, cashable only in Free China, are further blows against the fluidity of Chinese capital in Shanghai, which contributed so much to the construction of new industries here.

Moreover, since July Shanghai's position as a favored mediator between the various parts of China has been rapidly changing to that of an isolated city, treated by all sides as a troublesome and undesirable alien. Export control has been generalized in North China as from July 16, and the Yokohama Specie Bank's seizure of all exchange forthcoming from North China exports also puts importers in the North at the bank's mercy. The new all-embracing trade control in the North virtually makes of Shanghai a foreign country. Following the example of Manchuria, the area under the Peiping "Provisional Government's" nominal control now insists upon British currency in payment for export shipments to Shanghai, but of course is not prepared to pay for goods from Shanghai in foreign exchange. Shanghai's trade with North China is therefore facing an extremely difficult time.

As regards Free China, the extension of the Japanese naval blockade of Chinese-controlled ports, the new import restrictions decreed by the National Government and its general insistence upon foreign exchange for exports from its sphere of control, are impairing Shanghai's economic intercourse also with the South and West of China. Measures also have been taken to bar the entry into Free China of all Shanghai goods in whose manufacture the Japanese either directly or indirectly may have taken a hand.

It is in this situation that Shanghai is facing, with considerable anxiety, the outcome of the Japanese blockade of the British and French Concessions in Tientsin. The contradictory reports from Tokyo and London on the provisional results of the Anglo-Nipponese negotiations in the Japanese capital do not yet give a clear picture of what the British conceded to the Japanese in the case of Tientsin. There should be no illusion, however, that whatever advantages the Nipponese will secure in Tientsin will greatly prejudice the future also of Shanghai, as well as of all the other western-administered settlements and concessions in China.

In all of these circumstances, it can hardly be said that the outlook for Shanghai in the near future is bright.

Police Guard Newspaper Offices Against Gunmen

Since the terrorist raid on Chinese newspaper offices by armed gunmen on the night of July 22, police of the International Settlement and French Concession have placed the premises at 160 Avenue Edward VII and the offices of the *Shanghai Evening Post* on the same thoroughfare under heavy guard day and night.

Immediately following the attack on the *Chinese-American Daily News* and the *Ta Wan Pao*, in the course of which Captain A. F. "Tug" Wilson was killed by the gunmen, the two newspapers, both ofwhich have their offices and plants at 160 Avenue Edward VII, received threatening letters purporting to come from Wang Ching-wei's supporters, who threatened to blast the premises "higher than the Empire State Building." Similar threats reached the offices of the *Shanghai Evening Post* and its Chinese affiliates.

A broker named Yang Wong-kang, 26, was arrested July 28 when he entered the building at 160 Avenue Edward VII with two pistols concealed on his person. A search of the office where he had rented a desk, in the same building, disclosed a box containing several hundred rounds of ammunition. The man is still under arrest, but the Settlement police have not yet revealed the results of their investigations. The man said he had acquired two deadly weapons with a view to protecting himself in the event of further terrorist attacks on the building.

Since his arrest, armored cars have been posted opposite the building on the Frenchtown side of the street, while police parties on both sides stand in readiness with Thompson guns and pistols. The same precautions have been taken outside the offices of the *Shanghai Evening Post*, opposite which the French police have erected a concrete "pill-box." Constant searches of pedestrians passing the two buildings are taking place.

Ching Hsueh-cheng, former manager of the *Hwa Mei Chen Pao*, American-registered Chinese daily, now suspended, was arrested by a mixed Settlement and Japanese Consular Police party last week. Later he was sent to Hongkew and handed over to the Japanese on suspicion that he was engaged in anti-Japanese activity. A Chinese report said that Ching was the publisher of a Chinese weekly called the *Wen Hsien*, allegedly a Communist publication.

American Extraterritorial Rights in China

BY CHARLES SUMNER LOBINGIER

(Former Judge, U.S. Court for China, in the Washington Sunday Star of July 2, 1939)

RECENT, startling developments in the coast cities of China have disclosed unfamiliar situations. Rights and privileges of different nations, including our own, but of which the average citizen knows but little, are found to be menaced, if not defied, by a foreign invader who has not even the excuse of a declaration of war, for the presence of armed forces in the country. Most of these rights are included in, and expressed by, the technical term extraterritoriality, that lengthy word which some have sought to shorten into "extrality" like the American engineer's proposal to "reform" the Russian language by omitting every other syllable.

But extraterritoriality, so unfamiliar in this country, is not a new term. On the contrary the notion expressed thereby is very old. For law in its earliest stages was not territorial—it was personal; i. e., a person was perpetually subject to the law and sovereign of the country in which he was born. If he left it, that law still followed him, just as our income tax law follows the American citizen wherever he goes. It was but gradually that the notion arose which now prevails, that laws operate only in the territory of the nation where they originate.

But when foreigners first entered China, the older notion was in vogue there and it is said that, as early as 720 A.D. a foreign tribunal existed there which adjudicated controversies between foreign merchants. Long afterward, when foreign nations made treaties with China, a provision was often inserted therein which enabled each power to regulate, by its own laws, the conduct, personal and property rights of its nationals residing there.

Such a clause (the most complete of its kind) appears in the first Chinese-American treaty. This was negotiated by the distinguished Caleb Cushing of Massachusetts, who was sent out to China by President Tyler as our first Commissioner in 1844. It was signed at a settlement near Macao, in Portuguese territory, on the eve of our 68th national anniversary and has continued for ninety-five years to be, for Americans inhabiting or visiting China, a Magna Charta of their liberties and privileges. For it enables them to live there under their own laws, subject only to their own courts and officials and without fear of oppression or interference by any foreign government. Just is as if a small section of the United States were picked up, transported across the Pacific on a magic carpet and set down in China to continue as before!

Perhaps a word of explanation is needed here regarding the "concessions" which figure so prominently in connection with the present crisis. These form no essential feature of extraterritoriality; in fact they are wholly territorial and not personal as we have seen that the extraterritorial system is. The Chinese, and formerly the Japanese, government has from time to time granted to foreign governments (never to individuals) certain areas, within or adjoining their cities, in which the inhabitants will be subject temporarily to such governments. Concessions resemble leases rather than grants of personal privilege. The British concession in Tientsin is the storm center of the existing impasse because it is the area of British official activity, although not all Britons in Tientsin live there. The British also had a concession in Hankow and the French have one in Shanghai; but I have never known of an actual "American concession" although one was offered to our government, it is said, many years ago.

Of course the system of extraterritoriality does not run itself. The nation which enjoys it must provide the machinery for its operation... To that end the United States Government long utilized its consuls in China, each of whom automatically became a judge in any proceedings, criminal or civil, in which an American of his district was a defendant there. An appeal lay to the minister at Peking who was authorized to promulgate "decrees and regulations" for the consular tribunals which, for more than sixty years, were the only ones to which Americans in China were directly subject. Their jurisdiction was extensive, important civil cases were thus adjudicated and capital punishment was occasionally imposed and inflicted. I knew an elderly American merchant (Mr. MacMichael) who quoted one of our consuls as telling him, "D---n you; I can hang you." (But in that instance he didn't).

As American interests and population in China increased, growing demands were heard for more effective machinery to care for this unusual situation. Commissioner (there was no Minister until 1861) Davis wrote in 1850, "Those who have to administer the law under them (the Regulations) are destitute of all legal requirements." So late as 1904, Consular Inspector Peirce reported, "At the present time none of our consuls in China are trained lawyers."

Meanwhile, in 1864, the British government had established "H. B. M. Supreme Court for China and Japan." The success of that institution led Americans who were familiar therewith to labor for the installation of a similar tribunal for their country. In 1881 Secretary Blaine, in an opinion which was transmitted to Congress by President Arthur, recommended that "men of legal training should be chosen for certain judicial offices, independent of the consular system, and the establishment of a separate system of courts, at least in China, with an appellate court at Shanghai." Bills embodying these recommendations were introduced in Congress in 1882 and 1884 but were not acted upon. Nevertheless the advocates of a better system continued their efforts. Consular Inspector Peirce, in his Report for 1904, urged the establishment of a United States Court and a bill for that purpose was introduced in the House of Representatives in 1906. It soon passed that body and with some modifications was accepted by the Senate, and on June 30 of that year became the organic act of the present Court. It took over most of the consular courts jurisdiction and they continued to function, mainly, in the settlement of small estates. Appeals therefrom were now to the United States Court which also superseded the Minister as the supervising authority. From the Court itself a litigant may take his case to the 9th Circuit Court of Appeals at San Francisco.

"The laws of the United States" were prescribed by Congress in 1848 as the basis of American jurisprudence in China. But Washingtonians, and especially lawyers, may be surprised to know that this led to the application of the District of Columbia Code in many situations which are presented to the Court. It came about in this way: The Supreme Court and others had held that the phrase last quoted above included not only the general acts of Congress but also those passed for limited areas, like the District of Columbia. In the absence of a general code exclusively for China, the Court fell back on the District Code to meet the many situations not otherwise provided for. Hence American lawyers practicing in China (of whom there were about 30 when the writer was presiding there) were expected to be familiar with the provisions of the last named code.

Our extraterritorial rights in China were acquired with the free and full consent of the Chinese government. No force, fraud or intimidation was used in obtaining them. The Chinese authorities, in fact, seem to have preferred a system which relieved them of annoyance

and responsibility for the disputes and misdeeds of foreigners. But meanwhile legal concepts in the world outside of China were changing rapidly; and when, in recent years, Chinese began to travel and study in western lands, they found there few traces left of extraterritoriality. They came to look upon that system as a mark of backwardness and inferiority and a movement began, early in the present century, for abolition of the "unequal treaties." In this they have had many western sympathizers; but with the renewal of an aggressive policy on the part of Japan, marked by the seizure of Manchuria in 1931, the invasion of Shanghai a year later and culminating in the present "undeclared war," the Chinese leaders have come to see that at this time they would have nothing to gain and everything to lose by effecting such abolition. For the enjoyment of these extraterritorial privileges gives the democratic nations a real stake in China and causes them to resent the unprovoked and unjustifiable assaults upon that country. Moreover the abolition of extraterritoriality now would not mean its retrocession to China, but its acquisition by Japan whose hand would thereby be strengthened in all those portions of China which the former now occupies. Thus Manchuria (now renamed "Manchukuo") has become virtually a Japanese province, although extraterritoriality has never been formally surrendered there. Other foreign powers receive little consideration in the "province" unless they recognize the Japanese annexation. The Chinese officials there, including the so-called "Emperor," are mere puppets and the Japanese laugh at any attempts to deal with them or to take them seriously.

Such is the regime which Japan is now seeking to impose in Tientsin, Swatow and other Chinese ports. Once they have achieved their objective in those areas they will undoubtedly make the same demands in Shanghai, where foreign interests are most extensive and important. And all this means the end of serious, western activity in China. Japanese courts will supplant not only those of China, but also those of Great Britain and the United States. Japanese police will assume the power to arrest Americans, and even to search American homes, at will. Japanese judges will exercise full jurisdiction over American citizens, construing their contracts and dealings with those of other nationality and passing sentence upon those accused of any offense. Our trade in China will be at the mercy of Japanese authorities, who may impose all sorts of restrictions, including oppressive taxation, from which, thanks to extraterritoriality, Americans are now exempt. Japanese officials will frame the tariffs, which will be certain to favor Japanese goods and discriminate against those of other countries, including our own. We need expect no commerce with China except such as Japan sees fit to permit. Such are the pecuniary interests at stake in the pending strife at Tientsin. Today it is the British who are menaced; tomorrow it may be the Americans. All western nations, trading with China, are potentially affected.

But America's enterprises in China have not been solely commercial. Those which have been the greatest source of pride to Americans who live there, have been the educational institutions—such as those at Shanghai (St. John's and Shanghai Universities), Canton, with its American sponsored University, Soochow, Nanking and Peking, each with a similar institution, and many others. These are the forces largely responsible for introducing western learning into China and training generations of Chinese youth, from whom most of the effective Chinese leadership has come.

The Japanese militarists appear to realize this and to resent it. They fear a China educated in western ways; they want a subservient China and if the Chinese are to be educated at all, it must be along Japanese lines and in schools controlled entirely by Japan. Hence the ferocious activity with which the Japanese bombers have singled out the buildings and plants of these American institutions for destruction. And where such buildings have not been bombed they have not infrequently been commandeered for army barracks, as those of the Shanghai University. And after the war what? Complete Japanese domination, of course, if Japan wins. The most creditable chapter in the history of American activity abroad will close forever. The continuous efforts of generations of American teachers who have devoted their lives to the uplift of China will be frustrated.

Such are some of the momentous issues now hanging in the balance in the Tientsin crisis. It has recently been computed that "85% of the war materials imported by Japan in 1938 were supplied by Great Britain, the United States and the Netherlands." In the light of these issues can we safely or decently participate longer in this unholy traffic?

Washington, D. C., July 10, 1939

Tracing Periods in the History Of the "Old Lady of The Bund"

ON July 16 of this year, the *North-China Daily News* celebrated its 75th birthday, marking the occasion by issuing a special supplement which traced the paper's history and growth. Seventy-five years is not an especially long history for a newspaper in Europe or America. For a Shanghai newspaper, however, it is quite lengthy, for this city is still less than a century old if we date its history back to the Treaty of Nanking (1842) which made Shanghai one of the "treaty ports." Prior to that year it was just a tiny village set down in a mud flat.

Looking back over the years, comparing the present with the past, it is not difficult to trace more or less well-defined periods in the editorial policy of the "Old Lady of The Bund," as the veteran British organ has long since been known. There are some who would cite these "periods" as evidence of editorial inconsistency. The inconsistencies, however, reflect the inconsistencies—more precisely, the changes—in British Far Eastern policy during the paper's history. The *North-China Daily News* has always tried to be the mouthpiece of the British Foreign Office in China affairs. At one time, it was a potent factor in molding that policy and it could in truth be asserted that what the paper said today became British policy tomorrow.

In the years up to 1927, the *North-China Daily News* was the organ of British "die-hardism" in China. O. M. Green was the editor who expounded that policy in the hectic years between 1911 (the year of the first Chinese revolution) and 1930. By 1930, British policy in China was being hanged. Chiang Kai-shek's suppression of the rebellion staged in that year by Yen Hsi-shan and Feng Yu-hsiang, made it clear that the Kuomintang regime had come to stay. For the old policy of antagonism, Britain substituted a policy of conciliation. O. M. Green, the exponent of "die-hardism," was replaced by the more liberal Edwin Haward in the editorial chair of the *North-China Daily News*.

Last year, R. T. Peyton-Griffin replaced Edwin Haward. Japan had already scored considerable military successes and several straws in the wind indicated that Britain might soon embark on a policy of conciliation toward the new masters of eastern China, where Britain's major interests in this country are situated. Haward was too fixed in his sympathies for the Chinese. Peyton-Griffin is the possessor of a more plastic mind, and therefore better able to adjust his thinking and writing to the shifts of British foreign policy.

Now Britain is embarked on a policy of appeasement in the Far East and the *North-China Daily News* is the leading public exponent of that policy in China. British dissentients from that policy, with the British Chamber of Commerce and China Association singled out for special attention, are attacked with that pontifical air which has long since been the specialty of the "Old Lady of The Bund."

Not so many years ago, such a situation would have been unthinkable. British traders in China made British policy in China, and the *North-China Daily News* spoke for both. But times have changed. The British Empire is now menaced from so many directions at once that it becomes necessary, in the view of the British Government, to sacrifice certain British interests out here for the sake of the larger interests of empire. Britons out here don't like that a bit, but the *North-China Daily News* no longer reflects their point of view, which conflicts with that of the British Foreign Office. No man and no paper can serve two masters. The *North-China Daily News*, for reasons best known to its publishers, is now first of all the mouthpiece of Downing Street. It speaks for the British community and British interests in China only where these are not in conflict with official British policy. Edwin Haward used to resent the appellation, "official organ" which contemporaries frequently used when referring to the senior British paper. Such objections are no longer heard from the present editorial director.

In the years to come, it will be interesting to watch the further evolution of the "Old Lady of The Bund."

Sinkiang: China's Highway to the West

3. Province Embarked on Modernization Program

BY ANNA L. WANG AND DORIS RUBENS

WITH the proclamation of the six-point policy, a new spirit became obvious in war-torn Sinkiang. The antipathies of the various nationals subsided, and the government was encouraged to start the projects which would not only restore the economy of the province but advance it far beyond the dreams of its inhabitants.

Less than a decade ago the towns of Chinese Turkestan were few and far between, with no connecting lines of communication. Like most of the ancient towns of Central Asia, they were merely designated places, where the neighboring tribesmen might assemble to exchange their commodities and carry on their festivities. On Fair Days they seethed with life and activity, while in the long intervals between they seemed as quiet and melancholy as the ghost towns of America's West.

Sinkiang Army Mechanized

Where in olden times wild tribesmen on horses formed the fighting forces of Chinese Turkestan, mechanized units such as these now roar through the streets of Tihua, the provincial capital. The armored artillery cars seen here were imported from Soviet Russia.

Now, however, these towns have begun to assume a continuous cultural and industrial activity of their own. No longer do they depend upon markets or festivals for their existence. Tihua, the capital, not only hums with the activity of its government bureaux, but it has also become an important factory site. Here and in the town of Ili there are soap factories, hide tanneries flour and deep water mills. In these cities and in Tahcheng, modern electric plants have been installed, and many others are in the process of installation to utilize the waters of the Tarumho, Eli, Nerchi and other rivers.

Motor highways are being constructed to connect the isolated towns. In the first year of the three-year plan nearly 7,000 kilometers of roadway had been laid down, 176 bridges erected and over 50 trucks and buses installed on the various routes through the province. These developments have gone a long way towards overcoming one of the greatest weaknesses of the old Sinkiang. Inadequate transportation was in a large way responsible for the inability of the government to maintain peace in the far-off hsiens.

Cattle-raising has, of course, been the traditional occupation of the country, and remains so for the great majority of the Ouigars and the Mongol nomads, who are not prone to any sudden adjustments in their mode of existence. For their benefit, bureaux of animal husbandry have been established in strategic parts of the country. Scores of cattle-rearing ranches have been established and twenty grass-cutting stations. So would a progressive administration bring the benefits of modern science to the doors of every nomad and peasant.

Agriculture has been fostered through the grant of subsidies to the farmers by the government. The tribesmen are being taught the advantages of farming and assistance is rendered them through land and seed subisides to keep them going until their farms are in a position to sustain them. Centers of agriculture have been established in Tihua, Ili, A-shan, Tahcheng and Morrhla. Three forestry development stations have been erected at various points in the province to encourage and disseminate information concerning this phase of natural development.

It would be difficult indeed to find a phase of national life or endeavor that has not been investigated, and a thorough attempt made to modernize and improve it.

In the development of the educational system of the province one can get an adequate picture of the remarkable strides made by the present administration.

The Province's First Automobile

The car shown in the foreground of this picture was the first ever to enter Sinkiang province. It was purchased from Soviet Russia in exchange for 300 sheep.

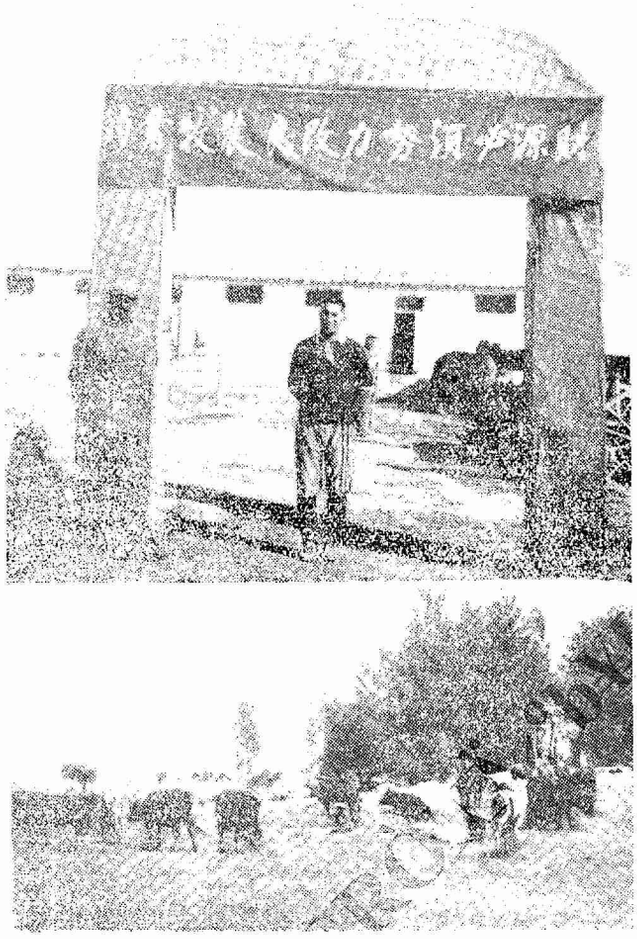
Less than five years ago there existed only sixty schools, with fewer than three thousand pupils. In the second years of the plan there were over 150,000 pupils enrolled in the 1,556 schools of the province. By arrangement with the Soviet neighbor, one hundred students are sent there regularly to receive an education in technology and medicine.

The schools of Sinkiang are divided among the various culture promotion societies. The Wei Wu-Erh or Mohammedan Culture Society has an enrollment of 130,000 students in its 1,700 primary and more advanced schools. The Ha Ko cultural promotion society has established by its own efforts over 200 schools capable of educating 1,500 students. The Mongolian Cultural Society has in the Meng-Ha School of Tihua a most

potent interpreter of Mongolian culture. Besides this school, it has established eleven others in far-off places. Teachers have been sent to the Nomad herdsmen to follow them on their long journeys. In northwestern Sinkiang, there has been established the Taterh Cultural Society and the Cultural Promotion Society of the assimilated tribes.

The policy of the provincial educational system is governed by the six fundamental policies. By this method national enlightenment is disseminated, and at the same time the native cultures of the races preserved.

Ranching in Chinese Turkestan



Cattle-raising is one of Sinkiang's main industries and ancient nomadry is fast giving way before modern ranching methods. Above is seen an experimental station for stock improvement—below, a modern cattle ranch.

New standards of living and cultural development through education are thus being evolved. Talented students of the various races have been assigned to translate the folklore and wisdom of their tribes, so that they may be read by all the peoples. In this way the various races are acquainted with the cultures of each other.

In the days of oppression, the assimilation of the tribes had been attempted by coercion. This of course, only made them more conscious than ever of their racial differences. Today there is no coercion, nor does the government pursue an active policy of assimilation. There is no discrimination whatever, either because of religious or racial differences.

The people are encouraged to express themselves and their different cultures in ways beneficial to their aggregate welfare. Newspapers, schools and theaters are opened to them, and through these they are able to interpret the traditions and customs of their ancestors.

Unlike his predecessors in office, General Sheng realized that assimilation is not brought about by the submergence of races, but rather by the vindication of those races seeking to eradicate their pent-up feelings of inferiority and the silence which long centuries of oppression imposed upon them. To divert their national energies and cultures into channels for the advancement of the aggregate welfare was his concern. Once at liberty to express themselves and their cultures, an appreciation of that liberty would overshadow all else. Henceforth their activities would be directed towards the maintenance of that very liberty which made their racial vindication possible. And in the realization of that universal aim and objective would come the unity that no amount of force or terrorism could ever achieve.

When the three-year plan was inaugurated, medicine and hospitals were things unknown in Sinkiang. Prayers and medicine men were about the only remedies that could be procured throughout the province. The suffering and pain among the warring tribes can be imagined. On the battlefield, General Sheng had good occasion to curse the backwardness of the province that had so little to offer towards relieving the misery of its sick

A Sinkiang Industry

The raising of honey is a popular industry in parts of Sinkiang. This picture is of a field of beehives somewhere in the province.

and afflicted peoples. Upon his inauguration he immediately instituted over a dozen dispensaries and hospitals. Only medicine had to be paid for and that merely at a fraction of its cost. A campaign for public sanitation and health is now going full blast in the province.

Thus while Japan wreaks havoc upon a peaceful people, while she bankrupts the economy of her own country and perverts her technology towards the production of instruments of disaster, Sinkiang's many people, sick of their age-old poverty, strive desperately to put their house in order, and to overcome by mutual labor and advancement the internal strife and agony of their past. At the same time, it is necessary for them to strive for the sustenance of the country of which they are only a province. For well they know that they can be secure and prosperous only if a free China stands between them and the Japanese warlords, who now contrive to wreck their stability by intrigue and bribery, but who might destroy it permanently with planes and artillery if they are not stopped upon the far-off Yantgsze. For this reason it is necessary for Sinkiang to devote her resources and abilities to the cause of China, as she is now doing. But far more impottant than any contribution they are able to give to China's struggle is the vigilance and labor they are exerting in maintaining Sinkiang as China's highway to the West and South.

THE END

Will the Abrogation of the U. S.—Japan Treaty Ultimately Lead to War?

ON Monday of this week, Secretary of State Cordell Hull held a long conference with Kensuke Horinouchi, Japanese Ambassador, in the course of which Mr. Hull told the Japanese diplomatic representative that discrimination practiced by the Japanese military forces against Americans and American goods in China and in the Japanese-protected state of Manchukuo were responsible for the American action in abrogating the U. S.-Japan commercial and navigation treaty.

Before a new treaty could be negotiated, according to Secretary Hull, it would be necessary for Japan to safeguard not only the lives and interests of Americans in Japan, but also in Manchuria and sections of China now under Japanese military rule. Mr. Hull then referred to the Pittman Bill, under consideration in the Senate, and informed the Japanese Ambassador that the Pittman measure accurately reflects the resentment of the American people against Japan for the mistreatment of American citizens in Chinese war zones by Nipponese soldiers. While action on the Pittman Bill has been withheld temporarily, it may be brought up for a vote any time. The bill authorizes the President to proclaim an embargo on arms, munitions and war materials destined for Japan and also authorizes the President to take other measures restricting the sale of Japanese goods in the United States.

In addition, it was reported in Washington on Tuesday of this week that American consular officials and naval officers had been instructed to discuss the question of protective action in the event of further Japanese encroachment on the treaty rights of American citizens. It was understood that there will be a certain measure of cooperation—in the form of parallel action—on the part of American consular and naval officials with the officials of the other treaty powers, particularly Great Britain and France. The feeling prevailed in Washington that the blockade of the British Concession at Tientsin was a prelude to further Japanese efforts to seize the International Settlement at Shanghai.

As indicated in the summary of developments concerned with and following the American action in abrogating the Japanese treaty, which appears elsewhere in these columns, the Japanese authorities and press have studiously tried to prevent the real reason for the American action from reaching the ears of the Japanese people. Some of the Japanese newspapers, such as the local military organ, *Tairiku Shimpo*, have even professed to welcome the American action as a recognition of the necessity of negotiating a new treaty which would "recognize the New Order in East Asia." It is quite correct that Secretary Hull said that the old treaty "contained provisions which need new consideration," but this did not, by any possible stretch of the imagination, imply that the United States intended to "recognize" the new order (or dis-order) in Asia.

The local Japanese paper, echoing sentiments similar to those expressed in the officially controlled press of Japan, told its readers that there were two reasons for the American action in terminating the 28-year old commercial treaty: First, domestic political considerations; second, a desire "to maintain the prestige of the United States in the Far East when Britain was being placed in a difficult position."

If there are any Japanese who still retain their sanity on the Far Eastern and world situations, they must know that these explanations are incorrect and are used for the purpose of concealing the real facts from the people.

As indicated in Secretary Hull's statement to the Japanese Ambassador in Washington the American action was taken as a direct result of Japanese discrimination and interference with the legitimate rights of American citizens in China. But beyond that is the mounting disgust and indignation of the American people at Japanese atrocities perpetrated on a defenseless people by a camarilla of Japanese militarists whose 20th century uniforms and trappings cover a physique with the instincts and mentality of the middle ages. We know of no better appellation than that which Eugene Chen, the former Foreign Minister applied to the Japanese after observing their activities in Chapei in 1932. He called them "savages with machine-guns." Today the entire world is using that definition as it reads the headlines of the bombings of defenseless villages and the consequent slaughter of non-combatants—men, women and children.

Whole libraries have been written and vast volumes of testimony compiled as to the causes of the last war. Behind the stock explanations of finance and debts and conflicting economic interests, the thing which brought the American people into the World War was German atrocity in Belgium. Americans didn't believe in the German method of riding rough-shod over a helpless people and ultimately they fought to put an end to a system which conflicted with their traditional ideas of right and justice.

To go further back to America's war with Spain, it was Spanish atrocity and barbarity in Cuba, played up in the American press, which finally precipitated the war. The Americans didn't approve of Spanish methods and they finally stepped in in and put an end to them.

In America's own civil war, it was the slavery element which gave the struggle purpose and inspired men with a determination to end the system.

The fact that these elements, for which Americans have fought in the past, are again present in the China struggle, should constitute the best possible answer to the question in the heading to this article. The fact that the ideals for which the people of the United States fought in the world war have not been brought into existence in the relations of mankind, doesn't mean that they are lost; neither does it mean that Americans will not fight for them again!

John Gunther, author of "Inside Asia," skilled observer of world developments and tendencies, after describing the mediaeval system of *hara-kiri* which prevails in Japan, said that he had heard several Japanese say that, rather than suffer defeat by China, the Japanese would deliberately attack a strong foe—Russia for example—*and perish in a really first class conflagration.*" Mr. Gunther said that it was conceivable that a deeply rooted characteristic like *hara-kiri* might express itself some day in national as well as individual terms.

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Considerable curiosity was aroused by the Japanese action in recalling Yakichiro Suma, Counsellor of the Japanese Embassy at Washington—on the day following the U. S. action in abrogating the Japanese treaty. The *Domei* report from Tokyo, dated July 28, telling of Suma's recall, stated that he had received the notice of abrogation "and on the following day was ordered transferred to Hsinking, Manchukuo." Suma, who was Consul-General in Nanking for several months, was transferred to Washington immediately following China's appointment of Dr. C. T. Wang as Ambassador to the American capital. Some observers were of opinion that the Tokyo authorities thought Suma had not kept them correctly informed regarding the state of American public opinion regarding Japanese activities in China—or, Suma thought the possibility of American retaliation had passed when the Senate Foreign Relations Committee voted to postpone consideration of the Vandenberg resolution which was designed to pave the way for abrogating the treaty.

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Raymond Moley, Columbia University professor of public law, who served for a brief period as President Roosevelt's adviser, has an article in the July 8 *Saturday Evening Post* wherein is disclosed some interesting information concerning President Roosevelt's reactions on Far Eastern politics. Prof. Moley's article is concerned chiefly with attempts which were made in the last days of the Hoover administration to commit the Roosevelt Administration to a policy of refunding the defaulted European debts owing to the United States. The plan failed, but according to Moley the conversations between Secretary of State Henry L. Stimson and President-elect Franklin D. Roosevelt on the subject of the debts, led indirectly to Roosevelt's promise to support Stimson's policy on the Manchurian question. Mr. Moley said, "On January 16, Secretary Stimson, in stating once more to the European Foreign Offices and the League of Nations his position with respect to the Manchurian recognition, indicated broadly that there would be no disposition on the part of the new Administration to change it." Continuing Mr. Moley said, "The next day Mr. Roosevelt, then Governor of New York ... issued a statement saying that 'American foreign policy must uphold the sanctity of international treaties'." This statement ... when read in connection with the previous statement of Secretary Stimson, "was wholehearted acquiescense in the Hoover-Stimson rejection of the traditional American concept of neutrality, disinterestedness, impartiality and non-participation in foreign quarrels," according to Moley who ventured the opinion that war with Japan would have resulted then "had not England refused to go along with Stimson" on the Manchurian issue in 1931-1932.

But of much more significance was a later statement by Moley that in the course of a conversation with the President, he (Moley) and Rex Tugwell, another adviser, had tried to suggest to the President that it was a mistake to "unde write the Hoover-Stimson policy in the Far East." At this point, President Roosevelt interrupted the conversation by recalling that his ancestors used to trade with China. The President said, "I have always had the deepest sympathy for the Chinese.. How could you expect me not to go along with Stimson on Japan."

Many Gambling Houses Opened in International Settlement

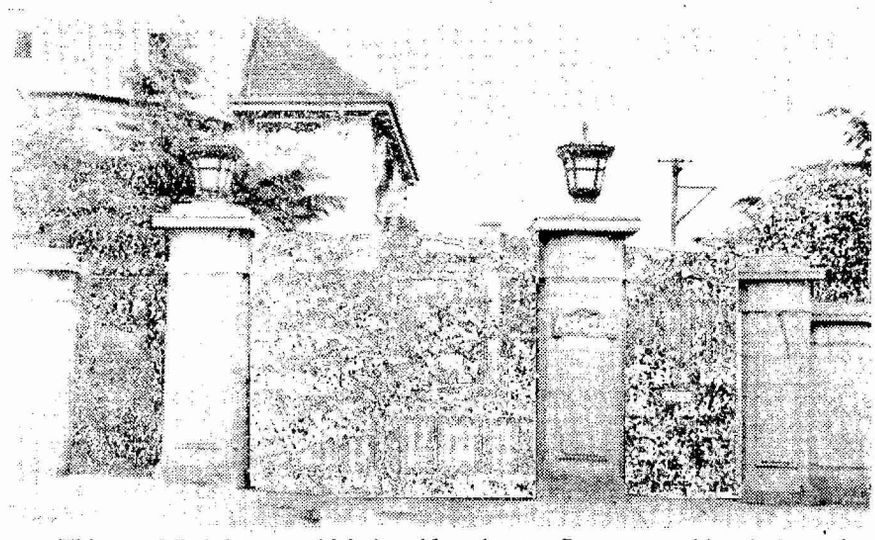
Herewith is shown the exterior of a gambling house which has been operating at No. 65 Gordon Road, entirely within the International Settlement, for many weeks. It is known as the Asia Club and is exclusively for Chinese patrons and allegedly caters to the wealthier classes. It is said to be owned by the same group of Cantonese who own the Hollywood gambling resort on Yu Yuen Road, and who receive Japanese protection.

Aside from this resort, another also said to be located entirely within the Settlement, has been opened on Jessfield Road. It also is said to be quite elaborate. Foreigners are excluded unless they have passes from the Chinese proprietors.

The Japanese naval spokesman claimed, at the regular press conference on July 29, that the gambling house recently opened in the Japanese-owned Broadway Mansions had been "warned to close." The institution, popularly known as "The Temple," had been in operation for several days before the Japanese military authorities knew about it, according to report. It was alleged that the operators of the joint included an American and three Russian Jews. Although the Japanese Special Service Section of the Army provides protection for most of the gambling houses in the "Badlands" area, the one in Broadway Mansions was said to be the first to open in Japanese controlled Hongkew.

Local foreign and Chinese newspapers now contain almost daily reports of the peculiar types of crimes and tragedies which accompany "open" gambling throughout the world. On Saturday night, July 29, the proprietor of one gambling house, named Chang Kang-mei, located in the "Badlands," was shot and killed by unknown assassins at the corner of Tifeng and Yu Yuen Roads. The opening of new houses in the vicinity had "increased rivalries" according to the account in the *North-China Daily News*. It was claimed that there are more than 2,700 armed guards employed by the joints in the "Badlands" area.

Entirely Within the Settlement



This gambling house, which is said to have a Japanese cashier, is located at No. 65 Gordon Road, hence is entirely within the International Settlement. It is said to be the most prosperous of all the 20-odd houses which have been established here since the Japanese occupation. The daily income of this house, popularly known as "No. 65," is said to often run to $40,000.

The newspapers also report numerous suicides by victims of the gambling houses.

LEST WE FORGET!

TWENTY-FIVE years ago, on August 4, 1914, the World War broke over the heads of mankind. It was to have been the "last" war, yet all signs today indicate that it was not the last. Another and more fearful holocaust is in preparation. The post-war period can be regarded now as merely an interlude between two wars.

This twenty-fifth anniversary of civilized man's greatest anguish is therefore an appropriate occasion for recalling its cost in human life and treasure. Of the 56,000,000 men enrolled in the military forces there were:

Known dead	10,000,000
Missing	4,000,000
Seriously wounded	6,500,000
Otherwise wounded	14,000,000
Total casualties at the front ...	34,500,000

These figures were arrived at by an American historian of the liberal school, George Willison, who was himself drafted into the World War. But cold figures do not tell the whole story. In his book *Why Wars are Declared*, the historian wrote:

"One out of every five men called or dragged to the colors was shot to death, blown to bits by high explosives, stabbed fatally with bayonet or trench knife, suffocated with poison gas, or fell victim to gangrene or epidemic disease. One out of every ten staggered home seriously injured, a large number maimed for life—blind, deaf, with face shot away, shattered by shell shock, often starkly insane, or with legs or arms—or both—gone. Of the more fortunate, an approximate average of one in five suffered injuries serious enough to require hospital attention."

While this carnage was going on at the front, an even greater slaughter was going on behind the lines. Our liberal ex-soldier continues: "To the 14,000,000 soldier dead now add 28,000,000—for by the latest estimate at least that number of civilians perished before their time as a direct result of the war. Women and children, the aged and infirm for the most part—millions upon millions of innocent non-combatants, of all ages, of all races, of both sexes, in almost all countries of the world.

"Cut down by pestilence or famine, cold or exposure, fire or poison gas, shot or shell or bombs from the air, as they fled in panic here and there, abandoning their homes and all they held dear, to escape being trampled on or crushed to death between the contending armies. How many civilians *in addition* suffered shocks and injuries disabling them for life as a direct consequence of the war will never be known and cannot even be estimated."

The World War cost in round figures $40,000,000,000. The contribution to its cost by the United States, according to a calculation made by Dr. Nicholas Murray Butler of Columbia University, might have given "each and every family in the United States a $5,000 house—on a five-acre $500 plot of ground—with $1,000 in addition to furnish it comfortably and attractively.

This, then, was the cost of the last World War. The folly, it seems, is soon to be repeated unless things are altered very radically and very quickly. The cost of this second folly cannot even be guessed at roughly. And certainly there is no reason to expect that it will produce any more beneficent results than its predecessor of 1914-18.

The World War, we were told, was a war for "freedom and democracy." There is less freedom and less democracy in the world today than there was in 1914, and what little is left is fast disappearing.

It was a war to destroy German militarism. The militarism of Kaiser Wilhelm *was* destroyed, but in its place has arisen a mightier and more menacing militarism—that of Nazism.

It was a war to establish the right of self-determination for all peoples. Never in all history have so many smaller nations been enslaved by stronger powers than is the case at the present time.

All the peoples were cruelly deceived and the same deceptions are already being practiced again—and with impunity, for a new generation has sprung up which hardly knows what went before. The new world war is being prepared under the same old slogans. If and when it is fought, will it produce any better results?

Lest we forget—the last World War was ALSO fought to save democracy!

'Lone Battalion' Asks Liberation by S.M.C.

Colonel Hsieh Ching-yuan, commander of the famous Chinese "Lone Battalion" now detained in a camp in Kiaochow Road with about 300 of his men, is reported to have written a letter to the Shanghai Municipal Council asking the latter to consider the question of the release of him and his men.

In his letter he says that he does not know why he and his men have been detained in the Settlement camp for 21 months, their withdrawal from Chapei where they made the last stand against the Japanese in the Shanghai hostilities being effected primarily in consideration of the safety of the Settlement. Their withdrawal, it is stated, was due to request from third-party people and by order of the Chinese high command.

"No one can predict when the present hostilities will be brought to an end and we therefore request you to consider the question of our freedom. This will not only do justice to international treaties but also to the civilization of mankind," his petition stated.

Yonai Says Japanese Should Assist Wang Ching-wei

WHILE Wang Ching-wei has remained reticent during the past two weeks, his activities in Shanghai continue to be closely watched by the Chungking authorities.

Chow Chung-yao, new Minister of the Interior, in a radio address on July 29, vigorously denounced Mr. Wang for his so-called "peace move." Mr. Chow declared that it is ridiculous to talk of Sino-Japanese friendship, when the Japanese are occupying Chinese territory and massacring Chinese people. He charged Mr. Wang with abusing the name of the Kuomintang to cheat the Japanese and the Chinese public for selfish motives. Minister Chow urged Mr. Wang to suspend all his activities and go abroad.

Hopes Pinned on Wang

In spite this denunciation by Chinese leaders, the Japanese are apparently still pinning great hopes on Wang. Admiral Yonai, Japanese navy minister, demanded that Japanese should assist Mr. Wang and his group so long as they continue to cooperate with Japan in the construction of a "New Order" in East Asia. Admiral Yonai expressed the belief that Mr. Wang's peace campaign would serve to bring to the surface a spirit of pacifism which, he said, had begun to pervade various strata of Chinese society.

Meanwhile, a Japanese report from Bangkok stated that activities of adherents of Wang Ching-wei among the 2,500,000 Chinese in Siam were becoming markedly evident. Following the formation on July 8 of a "Wang Ching-wei Society of Siam," handbills supporting Mr. Wang's views have been freely distributed among the Chinese residents.

In connection with the foregoing report, it is significant to note that the Siamese authorities since July have taken stringent measures against the Chinese residents. On July 28, stated a *Domei* dispatch from Bangkok, a large number of Chinese were arrested, including two bankers, 15 newspapermen and an unknown number of school principals. All the arrested men were charged with being leaders of anti-Japanese movements. *Domei* predicted that about 300 other persons allegedly involved in anti-Japanese agitation would be put behind the bars in the near future.

Attempt on Puppet's Life

Quite a furore was created among Nanking puppet officialdom last week, when "Mayor" Kao Kuan-wu experienced a narrow escape from assassination. While Kao was passing the Futzumiao (Confucius' Temple) in his car, he was fired at by an unidentified gunman. Whether he was hit or not could not be ascertained. *Domei* claimed that all the bullets fired by the gunman missed the puppet official. The assailant made good his escape, despite an intensive hunt conducted by Japanese gendarmes. Apparently, Kao has been a marked man for some time. Recently, he survived another attempt on his life when he drank poisoned wine at a banquet given at the Japanese consulate in Nanking.

The astronomical observatory on Purple Mountain in Nanking, which was destroyed during the Japanese attack on the former capital early in December, 1937, is to be rebuilt in accordance with a Five-Year Plan for Nanking prepared by the Asia Development Board, according to the *Shanghai Mainichi*.

What the future "Open Door" in China would be was defined by Gen. Hiroshi Oshima, Japanese ambassador to Germany, in a press interview in Berlin. Stressing Japan's intention to establish a "New Order" in East Asia, Gen. Oshima bluntly declared that the future "Open Door" would be entirely different from the previous one," intimating the exclusion of all Western influence and interests.

Japan's aims in Asia, he said, are not only material but also spiritual. For the Japanese, he explained, expansion in China is a divine mission. Japan has been called upon to create a new order in Asia and to save China. China has always been an agricultural country, he said, while Japan has become one of the greatest industrial states in the world. China is a country whose earth contains the riches which Japan lacks and which the Asiatic continent is not using.

Tokyo Hires Germans

The extent to which the Japanese and the Germans cooperate in China since the start of the war has been an unknown quantity. But if credence is to be given to a report from Chinese sources, it appears that some of the Germans are taking an active part in the China war. According to the report, a party of German military experts has been engaged by the Japanese and assigned the duty of training two divisions of puppet troops in Kwangtung.

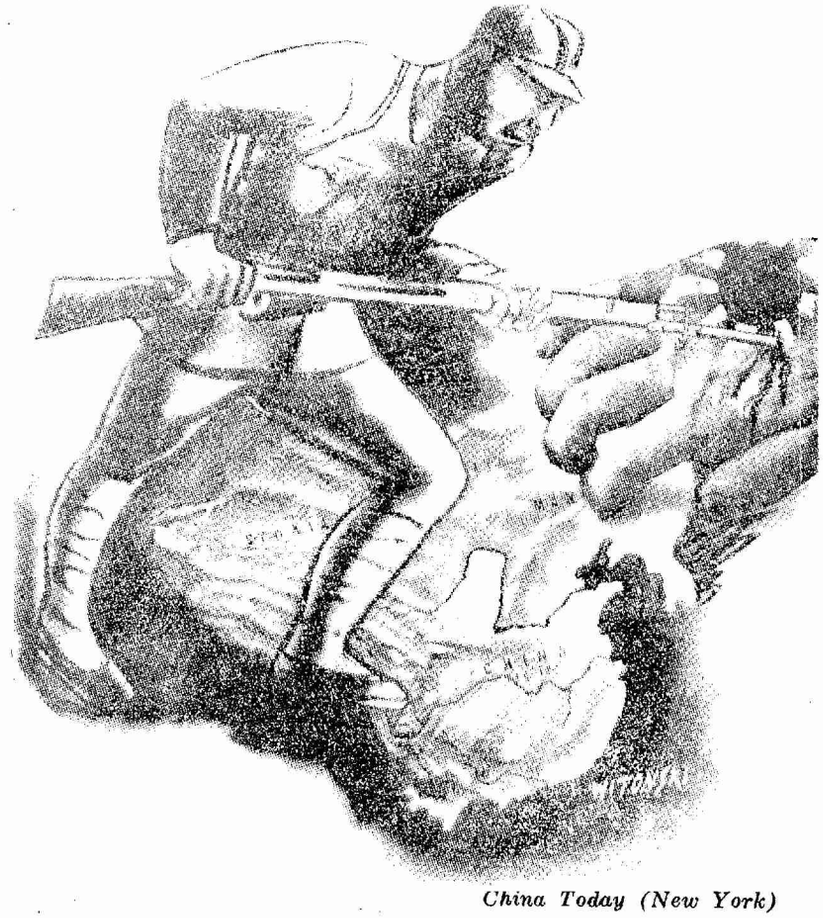
"Very cooperative" was the phrase used by the Japanese consular authorities in commenting on the permission given by the French Municipal Council in Tientsin for the use of pro-Japanese textbooks in Chinese schools in the French Concession. The Japanese expressed satisfaction with the new French Consul-General, M. Lucien Colin, who, they said, had shown a very conciliatory attitude since his assumption of office.

The turn of events in recent weeks, both in China and abroad, has given rise to confident optimism on the part of Chinese leaders regarding the future of China's war of resistance. In the opinion of official circles in Chungking, militarily and diplomatically China today is in the "strongest position" since the beginning of the war. It is the financial and economic aspects of the struggle which are now assuming greater relative importance.

"Last Bend in Road"

Chinese diplomats and military leaders spoke confidently of this summer and the coming winter as "the last bend in the road which will open the way to our already laid

Pinning the Hand that Grabs



China Today (New York)

plans for a 1940 and 1941 offensive." This offensive is designed to crack the outer defences of the Japanese lines and "to lead to the annihilation or capitulation of some 800,000 Japanese soldiers still entrenched in our territory," Chungking circles declared.

Interpreting America's abrogation of its commercial treaty with Japan as presaging a new and favorable United States's policy in the Far East, Chinese officials predicted that the American action would result in a stiffening of the British attitude toward Japan.

The possibility of a war in Europe seems to leave Chinese officials uncertain as to how it would affect China. They envisaged a Japanese blockade of Indo-China and an attempt to cut off Burma in the event Japan join the totalitarian powers in an alliance. On the other hand, if no war breaks out in Europe, some Chinese quarters expressed the fear that drastic Italian and German assistance in the form of airplanes, bombs and munitions might be rendered Japan in an effort to bring the war to a victorious end for their ally this winter. Thus these nations would clear the decks for combined action under a stronger Rome-Berlin-Tokyo axis next year.

More favorable aspects of the situation, however, Chungking circles indicated, were the possibility of further loans and assistance from Britain and France this winter if there is no war in Europe. Also the Chinese expressed confidence that Russian assistance will be more marked as the months pass. What the Chinese desired most in the diplomatic field is a "Democratic axis" to counter-balance the Rome-Berlin-Tokyo axis, it is said. If a combination of the Decmoractic Powers could ever be attained, Chinese officials believed that China would first indirectly, and later directly, benefit.

Roosevelt Action Greeted

President Roosevelt's action in denouncing America's Treaty of Commerce with Japan was greeted with universal gratification by Chinese leaders both at home and abroad. Congratulating President Roosevelt on his action, the Sino-American Cultural Association and the Chinese People's Foreign Relations Associations cabled him a message, declaring that the action serves as a "powerful move for peace" and further strengthens Sino-American friendship.

"A timely and courageous action" was how Dr. Wellington Koo, Chinese ambassador in Paris, described President Roosevelt's denunciation of the American commercial treaty with Japan. "It is a statesmanlike move," he said, "to serve on Japan notice that the United States will not tolerate continued violation of treaty rights, and the imposition of insults and indignities on American citizens, without making an effort to resist them."

Chinese Said Heartened

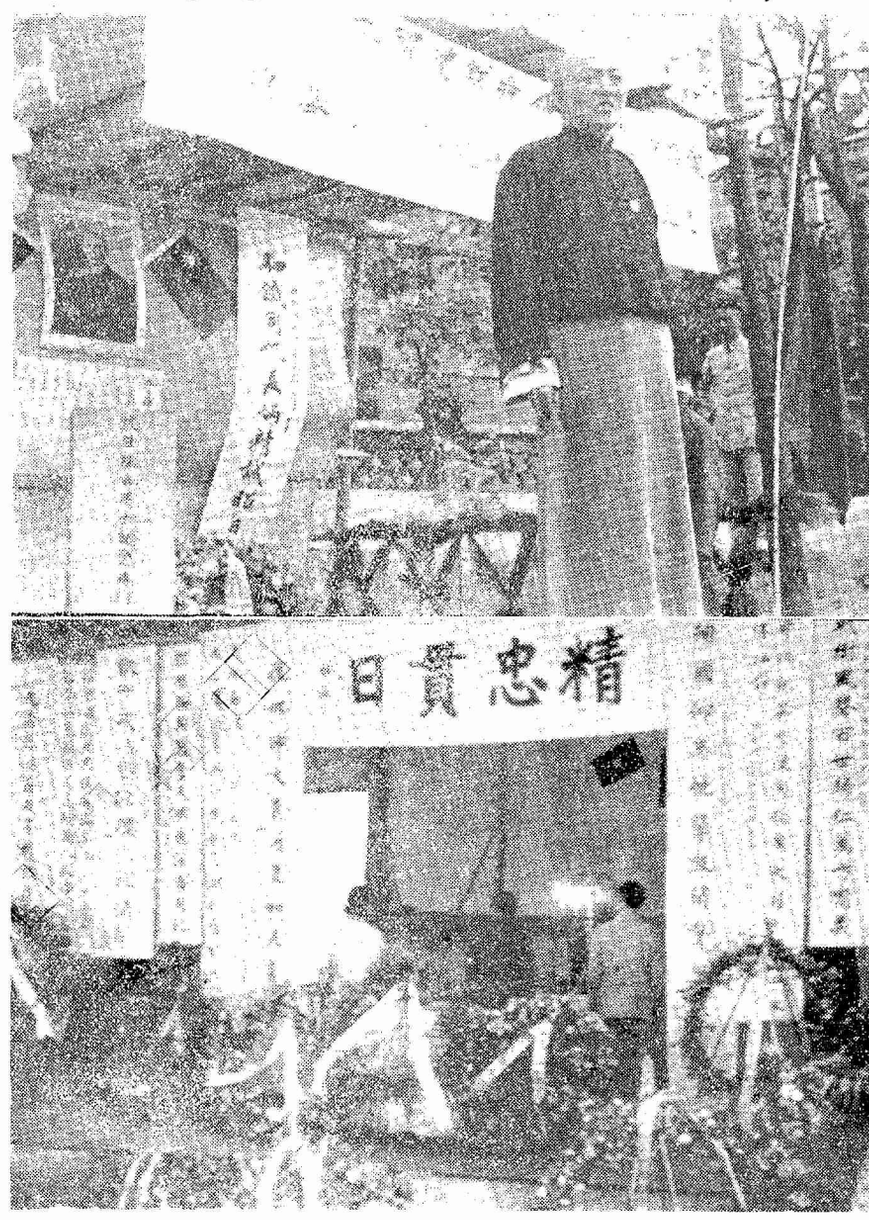
The abrogation of the treaty, Dr. Koo emphasized, is sure to have a far-reaching influence for the well-being of the world. The Chinese people will feel greatly heartened that the principles for which they are fighting are appreciated elsewhere, and that they are not alone in standing for the cause of a better ordered world.

In sharp contrast to the satisfaction expressed over the United States' action in abrogating the commercial treaty with Japan, Chinese officials continue to denounce the Anglo-Japanese declaration regarding China. Gen. Lung Yun, chairman of Yunnan Province, declared that both the Chinese government and people were surprised and disappointed at the action of the British Government in signing the Tokyo memorandum. "Our people," Gen. Lung said, "have had much confidence in Great Britain in upholding justice, international law and fair play, and we are at a loss to see why she has suddenly changed her views and acceded to the Japanese demands."

Continuing, Governor Lung stated that no one could deny that this action of Great Britain must have some psychological influence, but it could have no effect on the Chinese government's determination to carry on the war. "It is our duty to fight for our native land," he asserted, "whether we have friends on our side or not."

Gen. Lung emphatically denied the rumor spread by the Japanese that a disagreement disted between the Yunnan provincial authorities and the Central Government, declaring that Yunnan has always been loyal to the National Government.

Chungking Celebrates Second War Anniversary



Photos by Thomas Kwang

In the upper picture, Wu Tzu-hui, a member of the C.E.C. of the Kuomintang, delivers an address on the occasion of the second war anniversary after laying the cornerstone (seen at left) of a memorial to China's fallen heroes. The lower view shows patriots placing scrolls and wreaths at a shrine erected in a theater to honor the war dead.

Reticent for many months, Eugene Chen, former Chinese foreign minister, now living in Hongkong, delivered a scathing attack on Britain's policy in the Far East in a statement issued on Monday of this week. Declaring that he is unable to share the view that British foreign policy remains unchanged by the Craigie-Arita accord, Mr. Chen said that its probable consequences might lead to a grave impairment of Chinese resistance, when, in the course of August, Wang Ching-wei launches

his political offensive with Japanese assistance.

Chen Attacks Chiang

In an indirect attack on Gen. Chiang Kai-shek, Mr. Chen said that the elimination of Gen. Chiang as a political force in the Japanese-occupied areas as envisaged by British realists, would not signify the elimination of Chinese nationalism as a decisive force operating even in the occupied portions of China.

He said Premier Neville Chamberlain and other British realists must bear in mind that the destiny of the Chinese nation is not dependent upon what happens to individual Chinese.

Asserting that Mr. Chamberlain recognizes not the realities of the Chinese revolution but the savage disorders of the Japanese invasion, Mr. Chen warned, "Neville will have to reckon with the possible decision of the Chinese nationalism to prevent the British from collecting the wages of sin and national China, even in bondage, may not wish to buy British goods."

In conclusion, Mr. Chen urged Mr. Chamberlain to return to the policy advocated by the late Austin Chamberlain—"a policy which served the ends of peace while keeping unsullied the name and honor of England."

Urge Britain to Be Firm

Speaking on behalf of 150,000 Chinese in the Philippines, the Philippine Chinese General Chamber of Commerce on Monday of this week cabled a message to British leaders, urging Britain to stand firm in its policy in the Orient. The message said that a British appeasement policy toward Japanese could only mean that Britain would align herself with Japan against China. Such a policy, the message emphasized, "will not only endanger Britain's interests in the Far East, but also undermine China's resistance against aggression and weaken her position in a fight for democracy."

Urging the British government to take parallel action with Washington in denouncing the Anglo-Japanese commercial treaty, the Chinese League of Nations Union and the Chinese branch of the International Peace Campaign sent joint messages to President Roosevelt and Premier Neville Chamberlain. President Roosevelt was thanked for his action in abrogating the Japanese-American trade agreement and the message expressed admiration for his far-sighted policy.

The message to Premier Chamberlain said: "Since British rights and interests have been the major victims of Japanese encroachments, we strongly feel that Britain should take positive action in a direction similar to that of the United States." It was pointed out that retaliatory measures by the Democratic Powers were the only effective weapons with which to curb Japan's inordinate desires, because protests would not bring satisfaction.

Moscow Raps Britain

International reaction to the Anglo-Japanese agreement is equally unfavorable to Great Britain. Breaking silence on the matter, the Soviet press in Moscow curtly remarked that the British concessions to Japan would only lead to a further whetting of the appetite of the aggressor and serve to expedite final elimination of British interests from Japanese-occupied areas in China.

Evidences of further support for Gen. Chiang Kai-shek are provided by messages received at Chungking from various parts of China and abroad. Through the Chinese Embassy at Brussels, the Sino-Belgian Friendship Association has sent a cordial message to Gen. and Mme. Chiang Kai-shek, expressing deep admiration for China's heroic resistance against Japanese invasion. The message said that the Association had urged the Belgian people to refrain from supplying war materials to the aggressor state and to give active assistance to China.

The Chinese Mohammedan National Salvation Association, in a message addressed to the Generalissimo, expressed deep gratitude for his able direction of the campaign of resistance in the past two years. At the second annual meeting of the Association held in Chungking recently, Gen. Chiang was specially invited to presside. In the course of an address, Gen. Chiang urged the Association to redouble its efforts in utilizing the religious influence of the various Mohammedan organizations for overcoming the national emergency.

U. S. Warns Japan That Anti-Foreign Movement May Develop in China

Mr. Sumner Welles, Assistant Secretary of State, told his press conference in Washington on Aug. 2 that Mr. Eugene Dooman, American Charge d'Affaires in Tokyo, had been instructed to call the attention of the Japanese Government to the danger that the anti-British agitation in China might be transformed into a general movement against foreigners. Mr. Dooman was also instructed to protest against continued maltreatment of American citizens by the Japanese in China. American consular officials in China, Mr. Welles disclosed, had reported 600 cases of such maltreatment to the State Department.

German Woman Maltreated By Japanese in Tsingtao

Mrs. Bertha Dold, a German who operated a boarding house in Tsingtao for 30 years until it was seized by Japanese forces on July 27, was admitted to a hopsital in that city on Aug. 2, suffering from a nervous breakdown, *United Press* reported. She had been living at the German Consulate after being forcibly evicted from her home. It was understood that she had been thrown through the window of the residence when the Japanese evicted her. Seizure of her home followed 18 months of negotiations and warnings from the Japanese authorities, who wanted possession of the premises. Mrs. Dold refused to vacate because she held a lease from the rightful owner and was receiving part of her income from the boarding house.

It is stated that the Japanese invaded Mrs. Dold's home on July 27 and threw all the furniture out of the windows, after which they threw her out as well as she tried to defend her right of occupancy. The German community, highly indignant, helped her to recover her furniture from the grounds of the house, which the Japanese continue to occupy.

Free China Reporting Favorable Trade Balance

During the first six months of the current year, the foreign trade carried on through the various ports in free China produced a favorable balance, the Ministry of Finance at Chungking said this week, according to *Kuo Min.*

The excess of exports over imports at the various ports under direct Chinese control was as follows:—

Mengtsz	$12,693,000.
Pakhoi	11,315,000.
Wenchow	7,698,000.
Luichow	3,301,000.
Tengyueh	1,021,000.
Kongmoon	578,000.
Shihmou	192,000.
Swatow	127,000.

During the same period, exports of native products amounted to $411,460,000, showing an increase of $88,860,000 over the corresponding period of last year, it was stated.

Japanese Representations Secure Film Withdrawal

Japanese representations to the Shanghai Municipal Police on Tuesday of this week resulted in the withdrawal of "Poor Little Butterfly," a Technicolor cartoon produced by Columbia Films, from the program at the Grand Theater, where it was being exhibited, the *Shanghai Mainichi* reported. The cartoon is a parody on "Madame Butterfly," showed bugs in American sailors' uniforms landing from a turtle looking like a battleship on shore leave in a place peopled by butterflies. The Japanese authorities complained that the film was detrimental to Japanese dignity, according to the newspaper.

715 Soviet, Mongolian Planes Claimed Downed

Japanese aircraft shot down 715 Soviet and Outer Mongolian planes since the Nomonhan incident in May, the headquarters of the Kwantung Army claimed in a communique issued at Hsinking on July 28.

Japanese and Manchukuoan forces also destroyed 520 tanks, armored cars and motor lorries, the statement said. They wiped out seven Soviet and Mongolian artillery companies and dealt a "crushing blow" to 12 more artillery companies, while Soviet and Outer Mongol troops left not less than 3,000 dead, according to the communique. Ninety prisoners, 80 Russian soldiers and 10 Mongols, were taken it was claimed.

Japan Pressing Demands on Policing And Currency in Talks With British

ALTHOUGH official communiques issued in Tokyo this week have afforded little indication of the progress or otherwise in the Anglo-Japanese negotiations for a settlement of the Tientsin issue, statements by Tokyo officials and Japanese newspapers have brought two issues to the fore, namely, the question of policing arrangements in the northern city and issues involved in the currency situation. Committees were reported to be considering these questions in endeavors to find formulas which could be submitted to the conference proper.

On the policing issue, according to a *Domei* dispatch, Japan is demanding joint Anglo-Japanese searches for and arrest of anti-Japanese and Communist agitators in the British Concession, delivery of such persons to the puppet Chinese authorities when proof of their guilt is furnished, suppression of anti-Japanese and Communist organizations, propaganda and pamphlets in the Concession, appointment of liaison officers and gendarmes to maintain contact between the British and Japanese authorities, dismissal of anti-Japanese employees of the British Municipal Council and delivery of four Chinese allegedly involved in a terrorist murder last April.

Japan Wants the Silver

As regards the currency question, Japan is believed to be demanding the handing over of Chinese silver reserves stored in Chinese banks (there is $14,000,000 worth in the British Concession and $34,000,000 worth in the French Concession) and a ban on the circulation of Chinese national currency in the British Concession.

Early this week, commenting on the allegedly stronger stand being taken by the British negotiators in Tokyo, the *Asahi Shimbun* blamed Moscow for the change and declared that Japan is prepared at any moment to break off the negotiations. From other sources, however, it was reported that Britain had agreed to hand over to a Japanese tribunal the four Chinese terrorist suspects held in the British Concession. This was denied in London. It was the refusal of the British authorities to hand over these suspects which precipitated the Japanese blockade of the Tientsin concessions.

No Change, Says Chamberlain

In the House of Commons on July 31, Prime Minister Chamberlain made a long statement on British foreign policy, in the course of which he reiterated his previous declaration that the Craigie-Arita accord of the previous week implied no change in Britain's China policy. The agreement, he said, had neither jeopardized British interests in China nor prejudiced the interests of other foreign powers. The Craigie-Arita memorandum was simply a recognition of existing facts and nothing more.

The London *Times* reinforced this statement on Aug. 1 with a report that Sir Archibald Clark Kerr, British Ambassador to China, had received from the Foreign Office a detailed exposition of British policy in this country. This restatement of British policy, the paper said, was intended to dispel doubts as to Britain's intentions which may be entertained by Gen. Chiang Kai-shek.

A *Transocean* report from Hongkong on July 25 said that censors in the Colony had suppressed criticisms of Britain which Chinese newspapers intended to publish in the course of their comments on the Craigie-Arita accord. Thus the *Ta Kung Pao* was not permitted to refer to Japan as "our ambitious enemy" or to Britain as "our wavering friend." An entire paragraph in the *China Evening News*, referring to the possibility that Japan might take action against other British concessions unless Britain recognized the Nanking and Peking governments, was deleted, the agency said.

Meanwhile, it was reported from London that Sir Robert L. Craigie, British Ambassador in Tokyo, had been instructed to demand of Japan the cessation of anti-British agitation. A Japanese Government spokesman commented on this by saying that demonstrations against Britain could not be interfered with provided they were "spontaneous."

Campaign Goes On

The campaign against Britain is still in full swing. On July 31, *Domei* reported, 30,000 people demonstrated in Tokyo and denounced British policies. The gathering, which took place under the auspices of the Anti-British Citizens' League, adopted a resolution urging fulfillment of Japanese demands on Britain and, "unless Britain shows good faith by respecting international morality," the breaking off of the Anglo-Japanese negotiations.

Reuter reported on July 28 that British residents in the Japanese-controlled areas of Tientsin had received by mail a notice from the Anti-British National Salvation League, warning them to evacuate the city at the earliest opportunity if they wished to save their lives. The notice read: "You must know that it is time now to see the complete collapse of the history of aggression of the British Empire in the Far

Beginning to Get on His Nerves?

Chicago Tribune

East. The awakening of the yellow race is growing steadily, together with the anti-British movement. We are well-organized and determined to pursue anti-British resistance with iron and blood."

An *United Press* message from Chungking on August 1 quoted foreign sources to the effect that the anti-British campaign sponsored by the Japanese had lately spread to Chenglingchi, north of Yochow in Hunan province, where the Standard Oil Company installation had been covered with posters reading "Down With British, American, French and Russian interests." The wording indicates that the campaign is already broadening to include agitation against all nations remaining on friendly terms with the Chinese government. According to the same source, anti-British and anti-foreign meetings are now being sponsored by the Japanes in the entire area under Japanese control south of the Yangtsze River.

Chungking Wants Rupture

Political circles in Chungking, according to a *Kuo Min* dispatch from that city on July 30, believe that Britain, in her own interest, should break off the negotiations with Japan. They expressed the view that the Craigie-Arita accord was a complete defeat for Britain's Far Eastern policy, and that if Britain continued to negotiate, Japan would never be satisfied until Britain's capitulation was complete.

According to the London *Daily Telegraph*, Mr. Chamberlain's statements on Britain's China policy, which the premier said was unchanged, may be expected to lead to early consultations between the British and United States' governments. *United Press* reported August 1 that Britain has already started consultations with the United States and France on the Japanese demand for surrender of the silver lodged in the British and French Concessions in Tientsin.

Chungking Heartened by Good Harvest Prospects

Chinese circles in Chungking are very much heartened by the fact that an unusually good harvest has been reported from all provinces of "Free China," particularly from Szechwan where it is predicted that there will be a 90 per cent harvest this year, states a *Reuter* report.

The only exception is north Shensi, the so-called "Chinese Communist district," from where petitions for relief have already been received. On the other hand, serious floods have been reported from North China, in areas under Japanese military occupation.

Japanese Engineers Are First to be Conscripted

Building engineers will be the first group of technicians to be conscripted under provisions of the National Mobilization Act which went into effect July 15, it was decided July 31 by a committee headed by Mr. Hisatada Hirose, Minister of Public Welfare, according to a *Domei* report from Tokyo. Conscription papers will be distributed through the various prefectural Government offices and all those called into service will undergo examinations similar to those for soldiers. The technicians will be classified according to their knowledge and experience in their respective fields of engineering. Most of the construction engineers will be sent to China.

British, Soviets Said Aiding the Guerrillas

An extraordinary attack on Britain was made on July 31 by the Press Bureau of the Imperial Japanese Expeditionary Force in Central China in a written statement handed to the *United Press*. The statement alleged that British and Soviet consular officials in Shanghai, working in close collaboration, were aiding Chinese Communist guerrilla attacks on Japanese military establishments in the Shanghai-Nanking area.

The allegations were vigorously denied by British consular officials, who branded the Japanese statement as "a list of lies from beginning to end."

An attack on Britain, much more vitriolic in character, was made on July 27 by Mr. Hikoichi Maeda of the Japanese Special Service Section, at a meeting attended by some 180 persons in the grounds of the First Ta Tao Primary School, Police Station Road, Pootung. The audience consisted mainly of 100 Chinese female employees of the China Printing and Finishing Company's plants (British) at which a Japanese-organized strike has been in progress for more than two months.

The employees were lured to the meeting by the "Chinese Republic Workers' League" with promises that they would receive small sums for personal relief. Upon arrival, however, they were treated to a fiery outburst against Britain by Mr. Maeda.

"Great Britain's diplomatic policy can be compared with the acts of a fierce, vicious beast," the Japanese orator declaimed. He compared Britain with a cat, which, he stated, was one of the most vicious animals in creation. "She is amiable in appearance and she hides her claws when stalking. She strikes at you when you are unguarded and, although the victim would like to escape, it is too late."

He went on to assert that Chiang Kai-shek's power was on the decline and now that Britain had surrendered to Japan in Tokyo she was no longer able to assist him. Britain, he said, was not in a position to fight any nation, proof of this having been given by the Tokyo negotiations. "The British navy is no match for the Japanese navy," he boasted, "and in the event of war, unless Britain mobilizes her entire fleet in the Pacific, which is an impossibility, she will be defeated."

Big Japanese Drive Is Believed Coming

While military activity on all fronts—including southern Honan where severe fighting was in progress—had all but come to a halt this week, partly because of floods, foreign military observers in Chungking told *United Press* last Sunday that there were reasons to expect the Japanese Army to launch a new campaign in September in the hope of overwhelming the Chinese defense lines and bringing the hostilities to an end.

The immediate Japanese objective, these observers said, would be Sian, capital of Shensi province, Ichang in Hupeh, and Nanning in Kwangsi, cities whose relative positions describe an arc extending across four provinces and around the large area of southwest China still under the control of the Chinese Government.

They also predicted that the forthcoming "push" would be comparable in extent, and in the tenacity with which it would be sustained, to the Japanese drives on Nanking, Hsuchow and Hankow earlier in the war. It was understood in Chungking, they said, that between six and ten fresh divisions are to be brought from Japan to take part in the campaign.

Chinese Claim Success

Chinese reports on July 31 and Aug. 1 declared that a Chinese counter-offensive in southern Honan had been successful and that the Japanese had also been suffering reverses in southern Shansi. Among other things it was claimed that Kuhsienchen, a strategic village in Tungpei on the southern border of Honan, had been recaptured by Chinese forces on July 28 and that Japanese troops were retreating to Huahotien and Chihlaitien.

A *Reuter* message from Peiping on July 28 said that torrential rains were threatening North China with disastrous floods and had brought Japanese military operations to a halt. Of the four railways radiating from Peiping only the one to Mukden was operating, the agency said, the others being inundated in many places. The Yungting River rose 10 feet near Peiping and caused damage to the famous Marco Polo Bridge, where the Sino-Japanese hostilities started in 1937. The streets of Tungchow, east of Peiping, were under six feet of water. Hundreds of houses in Peiping and vicinity had collapsed.

These conditions, the report continued, had made guerrillas in the district more daring than before. They fought an action against a Japanese post 20 mlies to the northwest of Peiping on July 24 and killed 90 Japanese soldiers.

On July 26, Chinese forces in the Chungshan district repelled attempts by Japanese naval forces to effect landings at Fuyungshan and Wangyungwei, near Chungshan, *Kuo Min* reported. Col. Chang Hui-chang, magistrate of Chungshan, led the defense and sustained a slight wound, it was stated.

Writer Urges Nippon Military Pact With Axis Powers; Soviet Said Weak

BY RYURI YOSHIMURA

Director of the Taisei Kyokai

(Translated from the Konnichi no Mondai, July 1939)

GERMANY does not rate high the fighting strength—military and industrial power—of the Soviet Union. Nor do Poland and the states facing the Baltic Sea; the more they know of Soviet Russia from the inside, the greater is their contempt for her fighting power. The rejection by those countries of the Soviet offer to guarantee their safety, coupled with their inclination to make a rapprochement with Germany, is eloquent of this contempt for Russia's military strength. Great Britain has been and still is at pains to bring to a successful issue the Anglo-French-Soviet conversations started with a view to making some sort of defensive agreement. It is generally believed that Britain's object is not so much to rely on Russia's military strength as to prevent both Germany and Italy from attempting to utilize her economic power.

The Soviet Union as a country bent upon materialism has all along been depending a great deal on the power of machinery. How bitterly disappointed, then, the Red Army leaders must have been at the news of a large number of their planes having been downed over the plains of Mongolia! Incidentally, it was Colonel Charles A. Lindbergh who severely criticized the Soviet air forces as the reverse of reliable. He is probably smiling with inward satisfaction in America. But the real weakness of the Soviet Union lies behind the gun rather than in deficiency in its fighting capacity.

Guns Versus Butter

The Government of Soviet Russia has been increasing armament at the expense of the economic life of the nation at large and to the utter neglect of light industries. As a natural consequence, the people, especially the rural population, have come to entertain a strong antipathy to the Stalin regime. Who can deny with confidence that the farmers are likely to cause a rising throughout the country or destroy the railways or pillage warehouses or assassinate members of the Comintern, in the event of Stalin declaring war upon any country? It seems highly probable that the Soviet regime will collapse only too soon from causes more internal than external. We cannot, therefore, bring ourselves to imagine that Soviet Russia, beset, as she evidently is, with grave uncertainties on the "home front," is in a position to carry out large scale warfare.

If our judgment concerning Russia's capacity or rather incapacity for conducting a military campaign on a large scale is not incorrect, it seems easy to foresee that, for the following three reasons, the Anglo-Soviet negotiations will never come to a conclusion satisfactory to both parties:

First, Soviet Russia knows better than to fight Germany and Italy at the risk of seeing her own country go to rack and ruin internally. Secondly, the Soviet is not likely to cast to the winds the course it has long been taking; namely, its policy of Communizing the world by making political capital out of a war between capitalist countries. Thirdly, Soviet Russia has been, and is, attaching considerable importance to Far Eastern problems, a fact which naturally precludes her from becoming unduly involved in European issues.

All this goes to convince us that the Soviet Union is alive to the wisdom of refraining from joining a positive military alliance which aims at "encircling" Germany. It is conceivable, however, that the Soviet, from a desire to guard against Germany's eastward advance, will consider it to be wise to utilize Britain and France by means of a military alliance of a negative character, an alliance which will embrace all countries adjacent to Germany. The question is: How far will Britain and France, comparatively indifferent to the German advance to East Europe and also to a Soviet-Japanese clash in the Far East, comply with the Soviet demands? At all events, Anglo-Soviet cooperation seems quite difficult of realization.

Soviet Russia is strengthening her armament in the Far East on the assumption that a clash between the Soviet and Japan is unavoidable. Preparations for long war are being made. This is evidenced by the fact of munitions and provisions being transported incessantly, day and night, to the Far East. As is indicated by the fishery issue, the North Saghalien petroleum problem and the border issue, the Soviet makes no gesture of conciliation. Dark war clouds are hovering over the border as if to betoken an inevitable Soviet-Japanese clash to take place sooner or later. There the situation is entirely different from that on the western borders of the Soviet Union.

Be that as it may, for reasons that have already been stated, it is quite obvious that Russia lacks confidence in herself in deciding whether or not she should fight Japan to a finish. In all probability she will bring pressure to bear on Japan regarding the fishery rights, but if Japan shows herself ready to stand up indignantly, she will no doubt back down. Then again, despite her persistent crossing of the border, Russia will probably

The Same Old Europe

KEEP YOUR SHIRT ON, SON: HE'S JUST GETTING BACK TO NORMAL!
WE MUST SAVE HIM!
WAR SPIRIT
TWO THOUSAND OR SO WARS EUROPE HAS HAD IN THE PAST TWENTY CENTURIES
WAR
ORR

Orr in Chicago Tribune.

not venture into Manchukuo territory or Inner Mongolia at the risk of a regular war.

Soviet Fights Indirectly

At the same time, Soviet Russia is sedulously trying to get the Chiang regime to keep up resistance to Japan as far as possible with intent to wear her out. The Soviet is thus fighting Japan indirectly and with profit. That is not all. Russia is carrying

Isolationist View

Orr in Chicago Tribune.

"Won't he ever learn?" was the original caption over this cartoon, which shows Uncle Sam restraining American would-be meddlers in European affairs, represented by the over-enthusiastic dog.

out a propaganda campaign in the hope of placing Japan in a predicament. Although indirectly at war, Japan and Russia are not likely to come to a frontal clash in the immediate future.

What measures, then, should Japan adopt? It is common knowledge that Japan is at war with the Chiang Kai-shek regime to which Britain, France and Soviet Russia have been, and still are, lending economic and military support. The current Sino-Japanese hostilities will not come to an end until something is done to stop the wire-pulling behind Chiang Kai-shek.

Opinion is divided as to whether Japan should deal with Britain and France first or the Soviet Union as a means of disposing of the China Incident as quickly and decisively as possible. There can be little doubt that Britain and France are far more provocative to us than the Soviet, so far as their assistance to Chiang is concerned. Consequently, Japan is harboring bitterer enmity against Britain and France than against Russia. That is why the verdict of the public in this country is that Britain and France should be dealt with before the Soviet, if third Powers are to be chastised at all. Some are of opinion that in the event of Japan's taking up arms against Britain and France the Soviet Union will stand up on their side. We cannot agree to such a view; for the Comintern's cherished desire is to see that capitalist countries fight each other. For this reason, nothing will please Russia more than to see Japan come to a clash with Britain and France. What is likely to happen in the event of war between Japan and the democracies is that the Soviet will indirectly assist the latter, if not positively go the length of obstructing Japan's military operations. The chances are that she herself will not take direct action until toward the end of such a war.

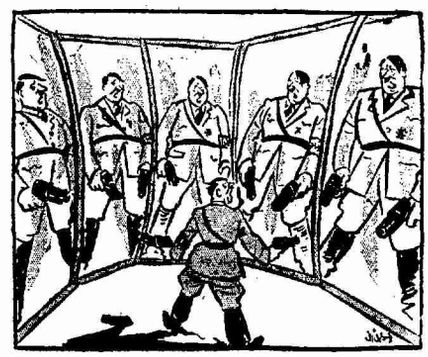
No Attack from Behind

Nor can we see eye to eye with those who hold that Britain and France will attack Japan from behind in the event of her declaring war upon Soviet Russia. It is not difficult to imagine that Britain and France will be only too glad to see Japan's fighting strength greatly weakened, for, like the Soviet, they have insufficient forces in the Far East. It is therefore unthinkable that Japan will have to fight Soviet Russia and Britain and France at the same time.

In our judgment, a war between Japan and a combination of the British and French forces will possibly prove a long-drawn-out one, with the United States taking sides with the Anglo-French alignment, whereas Soviet-Japanese hostilities are likely to cease in a comparatively short space of time owing, possibly, to Russia's domestic trouble. As already stated, a Soviet-Japanese clash is regarded as unavoidable, whereas our relations with Britain and France are not so hopelessly strained as to give us the impression that a clash with them is likewise fore-ordained. If we go to war with Britain and France, Soviet Russia may attack us from behind at the height of the war. But if, on the contrary, Japan ousts Soviet Russia from the Far East, Britain and France may keep quiet. That is why we support the view that it is wise of Japan to deal with the Soviet first, if she has to fight any country other than Chiang's.

Of late, there has been much talk of the necessity for a military alliance

Hitler Encirc'ed !



News-Chronicle, London.

between Japan, Germany and Italy. The anti-Comintern pact will not be able to achieve its end without a military background. A military pact should, on principle, accompany an agreement guarding against Communism.

Utmost Discretion Urged

The utmost discretion should be used in determining details of a military alliance. Suppose, for example, Germany and Italy clash with Britain and France, while the Soviet looks on, and Japan finds herself obliged, by virtue of a military alliance, to fight on the side of the former. What will Russia do? Most likely, she will endeavor to keep out of war as far as possible. In that case, Japan will run the risk of being attacked by the Soviet when she has run short of munitions. In this respect at least, Japan, Germany and Italy do not necessarily have common interests. Suppose, on the contrary, that Germany and Italy fight the Soviet. Japan will then be in a position to attack Russia from behind.

But if Japan and Russia come to a conflict, will Germany and Italy, which are not contiguous to Russia, come to Japan's rescue? If and when Germany antagonizes the buffer states through which her troops will march towards Russia in an attempt to help Japan, will she and her ally, Italy, be able to surmount the difficulties in which they will find themselves? Here again, we have evidence that the axis powers do not necessarily have common interests. Any country that cooperates with a Communist country is doubtless a common enemy of anti-Comintern Powers. If, then, Britain and France, as well as the Soviet Union, are regarded as enemies of the anti-Red countries, Japan, Germany and Italy should necessarily fight them all with united efforts. Herein lies the necessity for a military alliance between the anti-Comintern Powers. The best way is for Germany, Italy and Japan to make a mutual agreement in such a manner that, in the event of any of these three countries being involved in a war with Britain or France or Russia, the others will at once give her military assistance.

Tu Yueh-sen Declared Recruiting Men Here

An allegation that the Chungking authorities, due to the difficulty in obtaining sufficient recruits for Gen. Chiang Kai-shek's armies, were utilizing the "former No. 1 gangster of Shanghai," Tu Yueh-sen, to recruit men in Japanese-occupied areas, was made by a spokesman of the Japanese Army at the press conference here on July 31. Tu, the spokesman said, was head of the Tsingpang Brotherhood and was being assisted by Chow Hsueh-che, his associate. Both were said to be directing their recruiting activity from Hongkong.

According to the spokesman, the object of their campaign was to enrol men and youths who had fled from Chinese areas to Japanese-occupied territory to evade the press gangs which had been active throughout Chinese territory.

A number of Tu's agents, he continued, had arrived in Shanghai, and some of them had successfully entered Japanese-controlled territory. They were making attempts to obtain soldiers from Shanghai's unemployed and from members of the local labor unions, while recruits were also being sought among Chinese officers and men "who were in hiding in the International Settlement."

Floods H't Districts In Western Szechwan

Districts in western Szechwan have been inundated as a result of a dyke breach at Paopingkow in the upper reaches of the Yangtsze, according to the *Sin Wan Pao*. The breach was caused by mountain freshets due to torrential rains, the report said, adding that dyke repairing work is being rushed by the local conservancy authorities.

Berglas Publishes Plan for Settling 100,000 Jewish Refugees in China

Review to Publish Series on Jewish Refugees

Commencing next week, The China Weekly Review will publish a series of six articles on the subject of the Jewish refugees from Central Europe, of whom there are now more than 16,000 in Shanghai, with the prospect that the number will have exceeded 20,000 by the end of this year. The subject is important if only for this reason—that by December 31, 1939 every third white person in Shanghai will be a refugee from Adolf Hitler's Third Reich. The subject acquires additional *actuel* significance by reason of the Berglas Plan for settling 100,000 Jewish refugees in China, an outline of which is published herewith. This plan is understood to be under consideration by the Chinese authorities.

The series of articles, of which the first will appear next week, has been specially written for *The Review* by Mr. Julius Rudolph, a German journalist, and himself a refugee from Hitler land. They will tell why and how these uprooted people from Central Europe came to Shanghai, and what they have found here. The author will also give an illuminating picture of their social composition and describe their psychology—their fears, their hopes, their prospects. He will tell of the work of the refugee committees who have been handling this growing local problem and describe the conditions under which the refugees live. Finally, there will be a description of the various refugee settlement schemes, and a discussion of their adequacy in relation to the problem as a whole.

Watch for this Series!

MR. Jacob Berglas, prominent local German refugee, issued last week-end a statement embodying a scheme for the settlement of 100,000 German Jewish refugees in China, especially in Yunnan province. In May of this year, he visited Chungking and discussed the plan with the Chinese authorities. According to the statement, the Yunnan Provincial Government has agreed to the plan, while the National Government have given an assurance that they are now sympathetically studying exact conditions under which the plan could be implemented.

The author of the plan was born in Berlin 52 years ago and was the founder in 1907 of the firm of Berglas Brothers, later becoming a banker. He first came to China in 1935 and since has made four visits to Shanghai. In 1937 he signed industrial construction contracts with the Chekiang Provincial Government, but the outbreak of Sino-Japanese hostilities prevented its execution. He is about to leave for the United States, hoping to find support there for his refugee plans.

Rights and Requirements

According to Mr. Berglas' plan, all refugees coming to China under the proposed settlement scheme would enjoy the protection of the Chinese Government, with the same rights and duties as Chinese citizens. They would have to bring with them sufficient money to obtain food and shelter, as well as other requirements, for a period of approximately one year. A part of this amount, at present estimated at £50 per refugee, would be for the purchase of food, another for business and general colonization purposes.

The £50 is at present divided as follows: £24 for a year's supply of food, £12 for the construction of living quarters, and the remaining £14 for the establishment of industries, firms and enterprises of various descriptions individually suitable for the emigrants and adapted to economic local conditions.

A Planned Economy

For the first one or two years the questions of food, housing and business affairs would be conducted in the form of a planned economy by a committee consisting of all the presidents of emigration offices throughout the world and by a cooperative bank. Special training in physical and intellectual education will be provided to prepare people for an earlier or later ability to settle down.

In the planned economy proposed, a portion of the available capital may be used for enterprises which will employ experts among the refugees, thus affording employment to individuals in particular.

A community of this sort, it is hoped, will make it possible for a person of ordinary ability to earn a decent living, especially if the emigres should be given further training in their already specialized fields of endeavor. With efficient organization, the great majority of the emigres should be able, in a period of one or two years, to establish themselves in one vocation or another, the statement declares.

"Persons who have thus found an occupation would have no further claim for food from the cooperative capital. The amount thus saved would be booked in favor of the cooperative capital or used in a special reserve account to be established in order to supply food to some persons beyond the one year term if necessary, or for social purposes.

Transportation Company Plan

"A transportation firm, which will be financed from the capital with about £500,000, has already been foreseen in the plan. It is also planned to buy industrial products from Germany to the extent of approximately £1,000,000, of which amount a part will be payable in German Reichsmarks from the accounts belonging to emigrants. The transportation firm, which will serve private-economic needs, will amongst other things be responsible for the conveyance of emigrants from their port of debarkation to their point of destination. Furthermore all transportation in connection with the construction of the proposed city, will also be undertaken by this firm. It will also cater to all the requirements of business communication and transport and will subsequently be conducted as a private business enterprise. War industries and the transport of war materials of whatsoever nature will be absolutely excluded.

Creating New Industries

"At this point it is advisable to recall that it is a question mainly of creating additional industries which are to serve general economic interests and which will create a lot of new positions not only for emigrants, but for a far greater number of Chinese. In consideration of this plan it must be pointed out that in a land of the size of China with a population of hundreds of millions of inhabitants, production and consumption can be largely increased through the manufacture of products in this country which hitherto had to be imported. China as a whole is, up to the present time, absolutely undeveloped from an industrial point of view and great scope is therefore afforded in the creation of new enterprises, although those foreseen in the present plan are only a small part of the industries which will have to be created in China in future.

"Apart from the capital available for the creation of new enterprises, the capital which emigrants will have at their disposal from their own means or from friends or other persons, will also have to be taken into consideration, apart from the fact that well-organized and managed industries will also attract foreign and domestic capital.

Why Yunnan is Preferred

"It must be added at this point that Yunnan has been selected, or rather preliminarily chosen, because the Provincial Government there has agreed and because that part of China is very well suited both from a point of view of climatic conditions, ample supplies of raw materials, the number of factories already operating or under construction, adjacency to rich provinces, and not the least, because of the willingness to develop this part of the country. Communications are also very well developed, with the Haiphong-Kunming railway and the Burma - Yunnan - Szechwan Railway which is at present under construction. Furthermore, about 10,000 kilometers of highways are scheduled to be ready by the coming year. It must also be pointed out that it is the general desire that this part of China be developed. Other parts of China are also being considered as possible centers of branch emigration or additional fields for more emigrants. Also Shanghai and its vicinity would be very suitable, but these plans can only be considered once the ownership of the land in question can be ascertained."

Kweichow, Medieval and Backward, Now Gripped by Modern Influences

BY C. F. YANG (楊承芳)

THE first day I arrived at Kweiyang, capital of Kweichow Province, what struck me most was the modern external appearance of the city, its buzzing activity and its tense war-time atmosphere. When I saw a string of stream-lined cars bouncing along, I could hardly believe my eyes and I asked myself: "Is this city really the place where I spent my childhood?" How it has changed!

Far back in 1923 when I left for Hankow, Kweiyang was a typical medieval city, tranquil and secluded, with narrow, crooked, uneven cobble-paved streets; dirty and foul-smelling pools and old-fashioned buildings. There were no well-paved streets to speak of. Sixteen years have slid by since then and sixteen years is a long time, to be sure. Things have changed a lot. The old Kweiyang of my childhood is gone forever. There stands before me a modern city full of "pep". Tranquillity and seclusion have given way to bustle and hustle. Macadamized streets run in every direction, lined with foreign-style buildings, fashionable department stores, attractively-decorated restaurants and first-class hotels with every modern convenience. The restaurants and hotels are doing a roaring business.

"Land of Exiles"

Only a few years ago—to be more exact, prior to 1935—Kweichow was looked upon by the outside world as a "land of exiles," proverbially known for its bad weather, its barren mountains and the poverty of its people. Even up to now the very mention of the name of Kweichow is apt to call to one's mind the old saying: "Over there the weather is so nasty that one seldom has three fine days running. There are so many mountains that one can hardly find three feet of level ground. And the people are so poor that very few of them have three taels of silver" (天無三日晴地無三尺平，人無三兩銀). Needless to say, the above saying is highly misleading and grossly exaggerated. It has caused a great deal of prejudice in the minds of the public. Prejudices die hard. It therefore stands to reason that quite a lot of people should have misunderstood the far-away landlocked province.

Things, however, look different these days. The former "land of exiles" has become one of China's most important bases in the rear in the present Sino-Japanese war. Economic reconstruction has progressed by leaps and bounds during the past several years. Take the construction of highways for example. Formerly lack of communication facilities was generally regarded as a serious hindrance to the growth of Kweichow's economic and cultural life. Transportation was chiefly by pack horses and coolies and took too much time. But now Kweichow can point with justifiable pride to its 2,500 kilometers of tolerably well-paved highways which according to engineers compare favorably with those of any other province. This is all the more significant and praiseworthy when we take into consideration the fact that these highways were constructed within a rather short space of time and under extreme difficulties.

Great Cultural Advance

Turning to the cultural and educational field, we record with great satisfaction tremendous progress. The people are not so backward and politically apathetic as they were in the past. Five years ago, very few of the intelligentsia, to say nothing of the overwhelming majority of workers and peasants, knew much about state affairs. Nowadays even my 5-year-old nephew is in the habit of shouting political slogans and delivering anti-Japanese speeches before his playmates in the courtyard. He just recited the few sentences he had learned from soap-box orators and didn't know what he was talking about. But the very fact of a 5-year-old boy's making anti-Japanese speeches serves to show which way the wind is blowing.

Besides, the patriotic sentiments and national consciousness of the people have developed with astounding rapidity in the past years. This is especially true of the younger generation. All the middle school boys and girls have received military training and are ready for active service at a moment's notice. It really is a thrilling and heartening spectacle to witness the march-past of broad-chested, healthy looking school girls in their teens. They are a tough lot, these young amazons.

The Spiritual Mobilization Movement is in full swing. Under the slogan "Go among the people," many agit-prop groups have been created to organise and educate the masses in the countryside. Not long ago, the provincial Department of Education formed a special commission with the express object of promoting education in war time. The budget of the Commission has been fixed at $140,000, 60% of which is to be borne by the Ministry of Education of the National Government, 30% by the Kweichow Provincial Government and the remaining 10% by the various district governments. The commission has decided to establish in the initial stage 300 free schools in and around Kweiyang. For this purpose about 100 school teachers have been recruited and are now receiving special training for a week before they are given jobs.

Difficult Living Conditions

Now a few words about the living conditions of the people. Times are rather hard around here as far as the cost of living is concerned. Grade A rice sells at $28 per picul. For a new pair of ugly-looking, ill-fitting leather shoes you have to pay as much as $25 or even more, while the same could easily be had at Shanghai for $10 at most. A cake of Palmolive soap costs $0.80 and a small bottle of Waterman's fountain pen ink sells for $1.60. All this may sound shocking to Shanghailanders. But this is not the whole story. Certain sorts of goods are nowhere to be had no matter how much you are willing to pay for them.

Besides, there is no haggling over the prices, Mr. Customer. Should you be so impertinent as to inquire, however courteously, "Any discount?" the poker-faced, potbellied shopkeeper will shout impatiently, "Take it or leave it. Prices are fixed around here." Life isn't all beer and skittles. A man with a monthly salary of $20 is having an awfully hard time of it. Kweiyang (貴陽) has come to be known for "Dear Money" (貴洋). The sharp rise in commodity prices bears hard upon the people. As the result of the removal of governmental organs into the interior and the mass inflow of refugees from the war areas after the fall of Nanking, Canton, Wuhan and Nanchang, the population of Kweiyang has swelled from 80,000 to 130,000 according to census figures recently made public by the Police Bureau. Under such circumstances it is only natural that the ever-increasing demand should have exceeded the supply by a long way, thus bringing about a steady rise in the prices of commodities. For this reason, native residents of Kweiyang, especially sharp-tongued housewives, just blamed the hard times on those damned "folks from the lower reaches of the Yangtsze River" (下江人) and prayed for an early return to the "good old days."

Jobs Easy to Find

In spite of the stringencies of their war-time life, the people are cheerful and optimistic, looking ahead with calm and confidence. As a matter of fact, one can easily find a job. Technicians and specialists are in great demand. We read every day in local newspapers many "positions vacant" ads and notices about the holding of competitive examinations for doctors, nurses, chauffeurs, military police, school teachers, stage actors and actresses and what not. Indeed the former "land of exiles" has turned into a "land of opportunities" open to the public. So long as one is hardworking and willing to endure hardship, one need not be afraid of going hungry.

To sum up, things around here aren't what they used to be. The old Kweichow of seclusion is no more. Since the National Government assumed direct control over the affairs of Kweichow in 1935, this backward, landlocked province has undergone a profound and radical change. It goes without saying that this marked an epoch-making turn in the history of Kweichow Province. With the dragging on of the war of resistance, Kweichow's position as a base in the rear is bound to grow more and more important.

Kweiyang, June 15, 1939

Political Prisoners in India on Hunger Strike

A number of political prisoners, held in the jails of Hyderabad and Poona, have gone on a hunger strike, according to a dispatch to the London *Daily Telegraph* from its Calcutta correspondent at the end of last week, which said that about 50 prisoners were involved. According to the *News-Chronicle*, 89 Indian political prisoners were on a hunger strike, which was said to have been declared as a protest against brutal treatment by prison warders.

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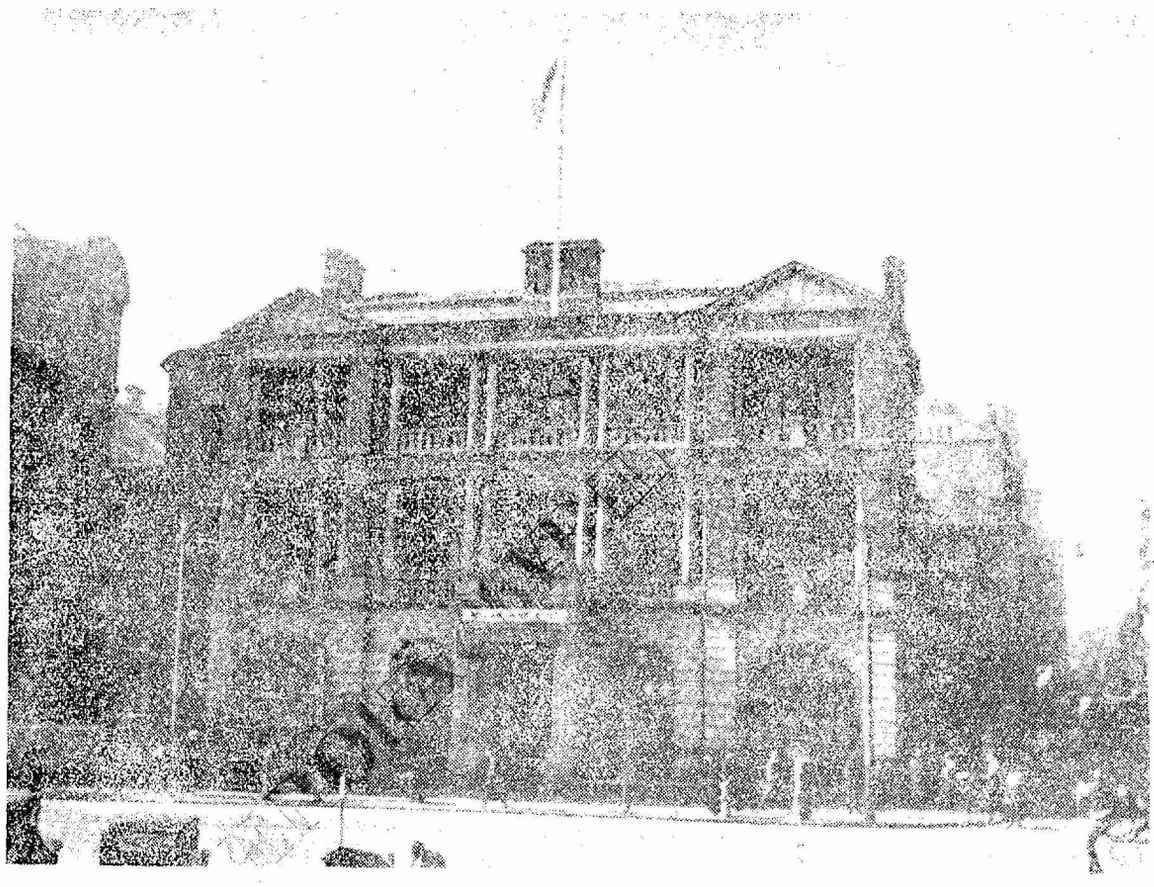

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Chinese Currency Recovers Slightly

Rumors that Soviet Russia was about to loan China a large sum of money—a sum equivalent to 750,000,000 rubles being mentioned in some reports—led last week-end to a slight and short-lived recovery of the Chinese dollar on the exchange market. On July 29 it rose from $12.12 to $11.94 against one U.S. dollar. Another factor believed to have influenced the rise was the stiffer attitude of Britain in the Tokyo negotiations and reported British reluctance to accept Japanese demands for a prohibition of the circulation of Chinese national currency in the British Concession in Tientsin and for the turning over of Chinese silver reserves stored there.

When the market opened on Monday of this week, the Chinese dollar slipped backwards to the exchange rate of 12 to 1 against U.S. currency. Exchange operators, however, were generally of the opinion that the lowest point had been reached and that the action of the United States in denouncing the trade treaty with Japan was already offsetting practically all the advantages which Japanese currency had derived from the British "surrender" at Tokyo.

Yen Goes Down

This was proved, in part, by the exchange rate of the Japanese yen last Saturday. From a high of Ch.$1.30 for each yen, Japanese currency was quoted at $1.09 selling and $1.08 buying.

No definitive information concerning the rumored Soviet loan to China has been forthcoming. A *Havas* report from Moscow on July 29 said that well-informed quarters in the Soviet capital did not deny outright that credits to China were in contemplation, and said financial assistance "naturally would be extended in the form of credits for the purchase of war materials from Russian plants."

A statement from official quarters in Chungking on the same day disclosed that legal tender notes issued by the "Big Four" Chinese banks at the end of June amounted to $2,626,929,300. This note issue, it was claimed, is backed by $1,156,088,974.33 in gold, silver and foreign exchange, and by another $1,470,840,325.67 in the form of bonds or notes issued or guaranteed by the Government. Ratio between cash and security reserves was 44 per cent to 56 per cent, and cash reserve behind Chinese currency was now 44 per cent as compared with 60 per cent prior to the hostilities. The decrease in the percentage of cash reserves was attributed to the growth of the note issue from the pre-hostilities figure of $1,400,000,000.

Hua Hsing Notes Pushed

The Japanese and their puppets of the "Reformed Government" in Nanking are making every effort to push the circulation of Hua Hsing Commercial Bank notes in Central China. Tenants of Broadway Mansions in Hongkew, recently acquired by Nippon interests from the former British owners, have been notified that their rents will henceforth be charged on a Hua Hsing currency basis. This means a 30 per cent increase in rentals, since the Hua Hsing currency has been divorced from the Chinese dollar and pegged to the pound sterling at the arbitrary rate of one Hua Hsing dollar to six pence, whereas the Chinese dollar exchanges at approximately four pence.

It is also reported that Japanese industrial enterprises in the western part of Shanghai are considering paying the wages of their Chinese employees in Hua Hsing notes, or "Hongkew money" as it is commonly referred to. Twenty thousand employees would be affected.

Hua Hsing notes may also be used by the Customs administration and puppet taxing bureaux, according to a semi-official Japanese report from Nanking, which said that the "Reformed Government" had drafted a decree making Hua Hsing notes the medium for payment of duties and taxes. At the local Japanese press conference on Monday of this week, a spokesman admitted that the Customs authorities and the "Reformed Government" were discussing ways and means whereby Customs dues could be collected in a currency which was "a little more stable than the Chinese dollar."

An unconfirmed report appearing in the *China Evening News* on July 28 said that Sir Frederick Leith-Ross, financial advisor to the British Government, is on his way to Hongkong to confer with T. V. Soong, chairman of the board of the Bank of China, and "assist China to improve her financial situation."

L. A. Commerce Spokesman Hits Embargo Proposal

Los Angeles will suffer heavy losses in the event the United States cuts off trade relations with Japan as a sequel to the recent abrogation of the American-Japanese Treaty of Commerce and Navigation, Mr. Clarence Mattson, in charge of the development of foreign trade and shipping in the Los Angeles Chamber of Commerce, warned in a statement issued in that city on July 31, *Domei* reported. Pointing out that for every dollar of imports from Japan through Los Angeles there were $10 worth of exports, Mr. Mattson said that the south California port would be seriously hit by an embargo against shipments to Japan.

Against U.S.$4,796,000 worth of imports through Los Angeles in one year, exports amounted to U.S.$45,356,000, he stated. Forty per cent of all exports from the Los Angeles area were Japan-bound, Mr. Mattson pointed out. The statement also drew attention to the fact that in spite of the delicate condition of Anglo-Japanese relations, Britain was maintaining her trade relations intact.

Japan, Mr. Mattson said, could obtain oil from the Netherlands East Indies, Mexico and South America, while she could acquire cotton in South America and India. With West Coast exports to the Far East amounting to U.S.$40,000,000 a month, grave concern was being felt by traders on the Pacific seaboard regarding possible action by Washington for an embargo against Japan, he declared.

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FOREIGN CORRESPONDENTS:

NEW YORK, LONDON, BERLIN, PARIS, GENEVA, OSAKA AND HONGKONG

Outstanding Events in the Sino-Japanese War A DAY-TO-DAY SUMMARY

First installment of this day-to-day summary constituting a complete record of outstanding events in the Sino-Japanese war on all fronts appeared in the September 11th (1937) issue of the Review.

July 16

Severe fighting raging in southeastern Shansi, where nine Japanese columns have launched a simultaneous offensive The Chinese forces successfully intercepted the Japanese columns at a number of points inflicting heavy losses, according to reports received at Chungking.

Following a vigorous counter-attack, Chinese troops entered Chaochow, North of Swatow, on July 14 and engaged the Japanese garrison in street fighting.

Liuchow, in South Kwangsi, bombed by 18 Japanese planes yesterday.

Strong statement against Britain issued by the commander of the Japanese garrison in Tientsin, who said that should Britain hesitate to abandon her "hostile attitude" toward Japan, she would he regarded as coming to the "first line of anti-Japanese resistance in co-operation with Gen. Chiang Kai-shek." "In that case we would conclude that Britain has decided to abandon all of her interests in China." he said.

***

July 17

Japanese military forces suffered heavy losses in 226 batles waged in the first half of July, Chinese military statistics showed. The Chinese authorities claimed that 16,865 Japanese were killed during the period. The major battles were fought in Suiyuan and Shansi, where 37 battles took place and 7,804 Japanese were killed.

Chinese forces in East Hupeh recaptured Hwangmei, on northern bank of the Yangtsze, on July 11, according to Chinese field dispatch.

***

July 18

Recapture by Chinese troops of Chaochow, northern terminus of Swatow-Chaochow Railway, yesterday morning, confirmed in Chungking. The Japanese garrison withdrew via the southern gate, but were ambushed by Chinese units outside the city. The Chinese claimed that over 1,000 Japanese were killed and wounded in the battle.

The Japanese drive in southeastern Shansi halted by Chinese reinforcements. By flanking movements, the Chinese are pressing hard on the various Japanese columns.

Maj.-Gen. Toji and 11 other Japanese officers were killed when the plane in which they were flying from Hankow to Shanghai was hit by a Chinese bullet and crashed into Chinese lines near Hwangmei, according to official Japanese army announcement.

"China's man-power is hardly touched by two years of war," declared General Chen Cheng, Vice-Minister of War, "The Chinese army, which had a little over 1,000,000 men when the war started in July, 1937," he said, "has since been increased to 2,500,000 front-line operatives."

"The anti-British Campaign Committee of Honan Province has announced the eviction of all Britons from the entire province," said a Japanese message received in Tokyo.

The Chinese National Dollar experienced a sensational drop in exchange value following the order of the Control Board of the Sino-British Stabilization Fund at Hongkong to suspend selling foreign exchange against Chinese national currency for the account of the Fund.

July 19

The Rev. W. L. Holland of American Methodist Episcopal Church in Nanchang detained by the Japanese military authorities there on suspicion of "grave acts" against the Japanese army, according to **United Press** report. The Japanese authorities are purposely withholding information regarding the case in order to prevent unfavorable reaction in the United States. An American woman and boy reported slapped by the Japanese at Wuhu.

Severe fighting still going in in southeast Shansi, although the battle has already lasted a week. The Japanese are apparently attempting to converge on Yangcheng and Tsingchen, near Shansi-Honan border, but their advance is being effectively checked by the Chinese.

Two meetings held at Tokyo between Sir Robert Craigie, the British Ambassador and Hachiro Arita, the Japanese Foreign Minister, on the Tientsin issue. General questions forming the background of the situation in Tientsin said discussed.

***

July 20

Fighting in south-eastern Shansi now centered in the Chingchen and Changchi area, with Chingchen as the main objective.

Loyang, in northwestern Honan, bombed by Japanese planes, causing many fires to the city.

Chungking military authorities officially announced that Chinese troops evacuated Chaochow on the night of July 17 after entering that city that morning. Chochow was recaptured by the Japanese following arrival of heavy reinforcements.

Vigorous representations made by the acting United States Consul-General at Hankow, Robert Y. Jarvis, with the Japanese consular authorities there, because of the latter's failure to give concrete information regarding the detention by Japanese military authorities at Nanchang of the Rev. W. L. Holland of the American Methodist Episcopal Church.

***

July 21

The Japanese drive in west Suiyuan has been repulsed after heavy fighting in the Wula Mountains, according to Chinese field dispatch from Wuyuan. The Chinese on July 16 launched an attack on the Japanese forces advancing in the Wula mountains area. Following some violent fighting, the Japanese were forced to retreat on July 17 towards Paotow. Large-scale operation in Suiyuan halted by heavy rains.

Swabue, 70 miles northeast of Hongkong, captured by the Japanese following a combined naval and aerial attack. Chinese forces said to have withdrawn to a position near Yiuwei.

Sir Robert Craigie, the British Ambassador at Tokyo, and Hachiro Arita, Japanese Foreign Minister, reported to have reached an agreement on a basic formula which satisfies Japanese demands that "Britian recognize wartime conditions in China." After being approved by the British and Japanese governments, the formula will form the basis for future Ango-Japanese negotiations on North China problems.

Dr. Lo Wen-kan, former Foreign Minister, and Wu Tze-hui, Kuomintang elder statesman, issued lengthy statements, vigorously denouncing Wang Ching-wei for his "peace move." Dr. Lo said Wang guilty of "frequent defections," while Mr. Wu humorously remarked that Wang "brings bad luck" to any one with whom he comes into contact.

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Who's Who in China

Dr. Tienshe Hu, library expert; born at Kiangyin, Kiangsu, 1902; studied at National Tungchi University, Shanghai; attended the Tokyo and Ai-chi Universities of Nagoya in Japan; pursued advanced medical studies at University of Berlin, Germany, from which he received his

Dr. Tienshe Hu (Hu Hsiang-lin)
胡天石字祥麟

M. D. degree (his dissertation being "Durable operative cures of habitual luxations of the shoulder"); during his academic years in Germany, he took an active part in Chinese students' life and was chairman of the Chinese Students' Association in Germany 1923-32; founded the Chinese Medical Society and was editor of its publication, *Acta Medica*, 1929; director of the section for foreign relations in the National Academy of Peiping 1932-33; worked for two years in the Chinese Legation in Berlin; since 1933 has been residing in Geneva, where he founded with Li Shih-tseng the "Bibliotheque Sino-Internationale" and has been its director since; established a section of the "Bibliotheque Sino-Internationale" in Shanghai as well as a school for librarians 1934; founder and editor two periodicals, *Orient and Occident*, a trilingual scientific illustrated monthly review (French, English and German) and *China Illustrated*, first Chinese review of its kind in Europe; Chinese delegate on the Committee of International Intellectual Cooperation and general secretary of its Chinese Section, 1933-36; delegate to the International Congress of Librarians and the Congress for Bibliography held at Madrid, 1934; delegate to the World Congress of Universal Documentation, Paris, 1937; technical expert of the National Reconstruction Commission of China, since 1934; established the Association of the Chinese Colony in Geneva, 1937; address: Bibliotheque Sino-Internationale, Quai Wilson 53, Geneva, Switzerland.

China's Lindbergh is Wounded at Chungshan

Colonel Chang Hui-chang, magistrate of Chungshan in the province of Kwangtung, was wounded on July 28 when he personally directed defense operations against a detachment of Japanese marines attempting to effect a landing in his district, which is in the Pearl River delta, *Kuo Min* reported last week. The Japanese attempt at a landing was successfully repulsed, the report said, addding that Colonel Chang, who is known as the "Chinese Lindbergh," sustained only a slight wound.

Japan, Germany Sign New Trade Agreement

A new trade agreement between Japan and Germany was signed in Tokyo July 29 and was hailed by the press both in that city and in Berlin. The Tokyo commercial daily, *Chugai Shogyo*, and the *Asahi Shimbun*, predicted that Japan would now purchase more machinery, iron, steel and other materials necessary for the expansion of Japan's productive capacity, while selling to Germany more fish, oils, blubber, raw silk and farm products.

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Men and Events

John M. Allison, formerly in charge of the U.S. Embassy at Nanking, is now occupying the post of Consul at Osaka, Japan.

*

Commander H. E. Overesch, U. S. Naval Attache, attached to the American Embassy in Peiping, was in Shanghai last week.

*

Dr. Calvin T. C. Yui, resident of Singapore and son of Yui Hing-lai, prominent Chinese rubber planter and miner of Johore Bahru, who has been visiting in Shanghai, has departed for North China. He plans to return to Singapore in the autumn.

*

Dr. John Lyon Coughey, pastor of Community Church, and Mrs. Coughey, departed this week on a trip to Peiping and Peitaiho, where they will visit friends. They will return to Shanghai in about three weeks.

*

Y. T. Tsur, former president of Tsinghua University, Peiping, has been appointed Financial Commissioner of Kweichow Province, according to a report in the *Shun Pao* on Aug. 1. Dr. Tsur will succeed Wang Chen-yin, who has resigned.

*

Martin Steinman, partner in the firm of Zais, Steinman and Company, of San Francisco and formerly of Shanghai, dropped dead of heart failure at Honolulu on July 23 just as the President Pierce was docking from the Orient. He was 46 years of age.

*

The following "hands-across-the-sea" item appeared in the *Tokyo Miyako* on July 17: "American school teachers (all women) who were invited to Japan (with all expenses paid) by the Board of Tourist Industry, have confessed that they were mistaken in their conception of Japan....they were deeply appreciative of their reception in Tokyo."

*

Sub-Lieutenant Hiroshi Negami, leading Japanese swimming champion, was killed in the fighting on the Khalka River in Siberia, according to a report in the *Yomiuri Shimbun* (July 16). Negami was a native of Hokkaido and graduated from Rikkyo University where he distinguished himself as swimming champion of Japan. In 1934 he set a world's record for the 1,000-meter race, covering the distance in 12 minutes-41:8 seconds. However, he only won fifth place in the 400-meter swim at the Berlin Olympics in 1936.

*

Sonyu Otani, president of the official Japanese North China Development Company, died at Kalgan on August 2, according to *Domei* report. His death was due to pneumonia according to the report. Mr. Otani, who was a famous Buddhist abbot and politician, had previously served as member of the House of Peers and Overseas Minister. He once served as head of the Zempukuji Temple in Kobe and was a brother of Kozui Otani, former abbot of Nishi Honganji Temple in Tokyo.

Sir Victor Sassoon, well known Shanghai real estate owner and financier, arrived at New York by airplane on July 30. Sir Victor's trip is thought to be concerned with the raising of funds for the Jewish refugees in Shanghai. M. Speelman, director of the International Savings Society, who is also a member of the Shanghai Jewish Relief Committee, has been in the United States for several weeks.

*

Major William Mayer, U.S. Military Attache to the American Embassy in Peiping, passed through Shanghai last week on a trip through Central China. Major Mayer, who has had extensive service in the Far East, succeeds Col. Joseph W. Stilwell, Military Attache, who has been transferred back to Washington. Major David D. Barrett, Assistant Military Attache, was also in Shanghai recently on a trip to South China.

*

General Popoff has been appointed Commander-in-Chief of the Soviet Far Eastern Army according to *Havas* report from Moscow on July 29. It was stated that Gen. Popoff participated in the celebration of Soviet Navy Day at Vladivostok on July 24. Gen. Popoff succeeds Gen. Stern, who had held the position of Chief Commander in the Far East, following the withdrawal of Marshal Bluecher. Gen. Stern was reported to have participated in the Changkufeng battle on the Korean border when the Japanese troops were defeated, and had been awarded the Order of Lenin for bravery.

*

The U.S. Senate Committee on Insular Affairs on July 29 approved the nomination of Francis B. Sayre as High Commissioner to the Philippine Commonwealth. His approval by the Senate was expected immediately. Mr. Sayre, who is a son-in-law of the late President Woodrow Wilson, served for a considerable time as an adviser to the King of Siam. He is said to have made an extensive study of conditions in the Philippines and since his nomination has been conferring with Paul V. McNutt, former High Commissioner. Mr. Sayre, prior to his appointment, was Assistant Secretary of State and through a coincidence was selected to deliver to the Japanese Ambassador in Washington, the President's proclamation, abrogating the American-Japanese Trade Treaty of 1911.

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Hans P. Melchers, Far Eastern manager of the *Transocean* news agency, arrived in Shanghai from Hongkong on the President Coolidge this week. He made a trip to Chungking, where he interviewed Gen. Chiang Kai-shek and other government leaders, and was absent from Shanghai about one month.

*

Major-General L. V. Bond has assumed office as General officer in Command of British forces in Malaya including the defense of the Singapore Base. Gen. Bond spent 22 of his 32 years in the Army in India. His chief duty at Singapore, according to the report, will be to develop the fortifications at Penang, which guard Singapore's "backdoor."

*

Dr. T. T. Li, for many years director of the Intelligence and Publicity Division of the Foreign Ministry of the National Government, is now on his way to his new post as Minister to Cuba. He is traveling by way of Europe and letters to friends in Shanghai this week stated he hoped to reach Havana by the end of August.

*

Chiang Wei-kuo, second son of Generalissimo Chiang Kai-shek, who is studying military science in Germany, has returned to school in Munich following regular service in the German Army. According to a dispatch from Berlin, young Chiang was a private in the German forces which occupied Austria in March 1938. He has since been promoted to the rank of sergeant. Gen. Chiang's eldest son, Chiang Chin-kuo, who was educated in Russia and had extensive service with the Soviet Army, has returned to China and is now serving with the Nationalist forces in Kiangsi province.

*

Japanese-made dope, chiefly heroin, valued at $6,000 and weighing 52 ounces, manufactured by Japanese dope houses in Tientsin, was responsible for a life sentence being handed down in the First District Court on July 29 to a Chinese smuggler named Liu Siao-zoen. The dope was shipped to Shanghai by parcel post, enclosed in paper tubes concealed in rolls of cotton cloth. Liu received the parcel but the dope was discovered when the parcel was examined by a policeman on the street. The search squad was headed by Detective Sergeant H. F. Gillis.

*

George Fitch, general secretary of the Y. M. C. A. at Chungking, previously stationed in Nanking and Shanghai, is returning to Chungking shortly from a trip to the Northwest provinces, including visits to Lanchow, Kansu, Sian, Shensi and Sising, capital of Chinghai. Sising is nearly 2,000 miles northwest of Shanghai. As a result of financial assistance recently received from the United States the activities of the Chinese Y.M.C.A. are being extended to various points in the Chinese northwest including Paochi, western terminus of the Lunghai, Yenan, headquarters of the 8th Route Army in Shansi, Lanchow and Sising. Mr. Fitch was accompanied by S. C. Leung, general secretary of the National Committee; W. H. Kiang, executive secretary of the student division; Peter Shih, former general secretary in Nanking.

Miss Joy Homer, writer of magazine articles, has returned to Shanghai from a trip of several months in the interior. She traveled to Changsha and Chungking overland through Wenchow and then went to the Northwest where she spent several weeks investigating conditions.

*

The U.S.S. Corregidor, which arrived at Hongkong for overhauling and engine adjustment from Manila last week has an interesting history. It was once a cross-channel ship from Dover to Calais, capable of 26 knots. The boat was then called the Engadine. Under that name she served from 1914 to 1918 as a seaplane carrier and participated in the battle of Jutland 1916. The German fleet was first sighted from the deck of the famous boat and during the battle towed the H. M. S. Warrior out of action and saved 675 officers and men.

*

The famous film by Warner Brothers, "Confessions of a Nazi Spy," was banned by the British censors from being shown in theaters at Singapore, according to *Reuter* report on July 30. The film, which attracted wide attention in the United States and previously had been exhibited in various British colonies, was based on the Nazi spy trial in New York last year. Several of the characters in the film impersonated high German officials, including Dr. Joseph Goebbels. Strong criticism of the Singapore censorship board has developed over the banning of the Nazi spy film and numerous others which have been banned by the board in recent weeks.

Another peace and friendship note from the Tokyo *Nichi-Nichi*—"It is not Japan's intention to damage Britain's prestige; rather it is to save Britain's face that Japan has consented to sit in parleys with Britain for the settlement of the Tientsin issue....Britain would do well to appreciate Japan's goodwill and cast off its *Kerrish* attitude."

*

Yoshiaki Miura, Japanese Consul-General at Shanghai has been instructed to serve concurrently as Counsellor of Embassy in succession to Marito Morishima, who has been assigned to serve as Counsellor of Embassy at Washington. Norishige Takamatsu, secretary of the Ministry of Communications at Tokyo has been assigned to the post of Attache in charge of communications at the Japanese Embassy in Shanghai.

*

Five Japanese military officers attached to the office of the Japanese military attache in Moscow boycotted a reception given by the American military attache, Major Frank Hayne, on the evening of July 30. According to the Moscow correspondent of *United Press* the action of the Japanese officers was thought to be in retaliation for America's abrogation of the Japan-American trade treaty. Others, however, attributed the Japanese action to an earlier incident when Major Hayne and the British Air Attache Wing Commander Charlton Hallawell, walked out of a reception at the Japanese Embassy during the showing of a film of Japanese planes bombing undefended Chinese cities.

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SHANGHAI

Prof. William Purviance Fenn of the University of Nanking, now located at Chengtu, Szechwan Province, arrived in Shanghai this week on a brief trip.

*

Miss Ida Pruitt, formerly member of the staff of Peking Union Medical College, Peking, was in Shanghai this week for a few hours on her way to the United States from Hongkong. She was a passenger on the President Coolidge.

*

Miss Lucy H. Grier of the Presbyterian Mission at Soochow is departing for the United States shortly on leave. Miss Grier is a daughter of Mrs. M. B. Grier, who is connected with the Presbyterian Mission at Hsuchowfu.

*

A report from Chungking on August 1 stated that the Chinese Government was planning to appoint an additional commercial attache to the Embassy at Washington. The report stated that a suitable person had been selected for the post and his name would be announced shortly.

*

A decree of the Vatican on July 31 elevated the Roman Catholic Apostolic Prefecture of Wuchow, Kwangsi province, to the rank of a Vicarage, which will remain in the charge of the Catholic Foreign Missionary Society of America. Father Frederick Donaghy of Bedford, Massachusetts, was named Vicar.

*

Jack Kaufman, executive vice-president of Globe Wireless, Ltd., and Neil Brown, Shanghai manager of the company, were hosts at a cocktail party at the Chase Bank Club, 164 Rockhill Avenue, on Friday, July 28. On Sunday evening, S. V. Marco, manager and associates of Bentleys Limited, were hosts at a reception and cocktail party at the Maskee Club, Yu Yuen Road. W. A. B. Nichols, director of the company in Tientsin, was present. Globe Wireless and Bentleys Limited, two new radio communications services, have greatly expanded their activities in recent months. Both receptions were attended by large numbers of friends and patrons. Jack Kaufman, who has been visiting in Shanghai for several days, returned to San Francisco this week.

A Wise Precaution In The Hot Weather.

Health risks are increased during hot weather, owing to the greater possibility of food becoming tainted, with consequent intestinal trouble.

To ensure continued good health there is nothing more effective than a dose of Pinkettes, taken occasionally when needed.

Pinkettes are tiny, all-vegetable, laxative pills, which act as gently-as-nature; they dispel constipation by cleansing the food tract, help to establish daily regularity, and keep the digestive and eliminative system in good order. Pinkettes banish biliousness, relieve piles, clear the skin, brighten the eyes, sweeten the breath. They are laxative perfection for men and women. From all chemists.

M. Bakukin, assistant councillor of the Soviet Embassy in Tokyo, has been recalled to Moscow along with Soviet trade commissioners stationed in London, Rome, Brussels, Athens, Turkey. The reason for the action was not announced.

Guerrillas Blast Tracks On S'hai-Nanking Line

A party of 400 Chinese guerrillas succeeded on the morning of July 29 in blowing up part of the track between Changchow and Wusih on the Shanghai-Nanking Railway, some 140 kilometers from Shanghai, with the result that a mixed freight and passenger train came to grief a short while later. The locomotive was derailed and eight freight cars damaged, according to a Japanese military spokesman, but no one was seriously injured. Asked whether the railway was not guarded, the spokesman said that it was, although the track was not always being watched and some bridges were not under constant guard. The derailed train was carrying farmers and freight, the spokesman disclosed, but there were no "important personages" on board.

According to a Chinese field dispatch to Chungking from the Hunan front, the strategic railway station at Tingszechiao on the Canton-Hankow Railway was captured by Chinese forces on July 20. The attackers destroyed the station buildings, and tracks and bridges in the vicinity, and then retired, the dispatch said.

In the United States Court for China

In re. Estate of Albert Fletcher Wilson, Deceased.	Cause No. 4421 Special Proceedings No. 2300 NOTICE Filed at Shanghai, China Aug. 1, 1939 WILLIAM T. COLLINS clerk

Pursuant to an Order of said Court notice is hereby given to all persons having claims against the estate of ALBERT FLETCHER WILSON, deceased, to present the same with vouchers to the undersigned on or before February 6, 1940, and all persons owing debts to said deceased are hereby notified to make payments of the same in due course to the undersigned.

N. E. LURTON, ADMINISTRATOR,
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New Books of Interest in the Far East

Dependence or Sovereignty

THE PHILIPPINE PROBLEM.—By Major Wm. H. Anderson, New York, G. P. Putnam's Sons, 1939. 338 pages, page-size map. U.S.$3.00.

In a vigorous, fervent style Major Anderson has written a thought-provoking account of the Philippine problem. Why are the Philippine Islands being prepared politically for independence, while being chained economically to the United States? And why hasn't the United States Government decided on a definite policy? Has any nation ever lavished as much money on a dependency and received so little in return? These are some of the questions suggested by this book.

The author, after graduating from West Point, served with the American army during the pacification of the Philippine Islands and since that time has been engaged in business in Manila. Hence he is well-qualified to discuss the results of American policy.

Realism is the keynote of this book. Writing primarily for an American audience, the author places before his readers a true picture of the political and economic aspects of the Philippine problem and wishes them to arrive at an intelligent answer. The problem is: Will the United States Government decide whether the Philippine Islands will be a sovereign or a dependent state? If the islands are to be dependent, then let them be governed for the benefit of both Filipinos and Americans.

The book begins with a short history of the conquest and pacification of the Philippines by the American army and navy, and continues with a detailed economic history of the last forty years, in which the difficulties placed in the path of American businessem and investors are pointed out. The political history is clearly and briefly related. Among the Governors-General, Leonard Wood stands out. The aims and activities of the Japanese in the archipelago are discussed, as well as the dictatorial tactics and personal foibles of Manuel Quezon, President of the Commonwealth. Another chapter deals with the ethnology of the Filipinos and the geography of the islands. After showing how Americans find life in the Philippines, the author concludes with a summary. The most striking sentence is that which states that the Philippines fell into the lap of the United States "gratuitously."

The economic aspect of the problem is presented excellently, while the discussion of missionary activities is vague and misleading, because the author closes his eyes, and makes unfounded generalizations. In many chapters, the author wanders away from his subject. Also the chapters might have been arranged in better order. With these observations, the book is recommended to all who wish to understand the delicate problem, which is awaiting solution.

J. R. M.

Peace Through Partition

FROM EAST TO WEST: A Traveller's Reflections on Politics and Peoples.—By Fritz Ermath. Privately Printed, Norman, Oklahoma, 1939. 145+vii pages.

This is not a traveller's book in the ordinary sense of the word, but rather the conclusions of a traveller for whom world problems assume a burning realism after personal contact with those parts of the world in which political and diplomatic tension is high. A journey around the world in 1937 and 1938 carried Dr. Ermath through parts of Japan, China, India, the Near East and Europe. His observations and conclusions are an indication of a thinking citizen's reaction to world problems.

Dr. Ermath sees three areas of the world forming political and economic entities—East Asia, the Americas and Europe. Development of these areas and satisfaction of the "legitimate" aspirations of each, he believes essential for the continued existence of our present civilization. Although the author claims a realistic approach to the needs of Japan, Italy and Germany, he fails to use this same attitude toward the Soviet Republic, which is to be partitioned to satisfy the demands of the former nations.

To Dr. Ermath the struggle between China and Japan is a struggle between Japan and Russia, and between Japan and several western powers for hegemony in Asia. Under the aegis of Japan, he sees the development of a common Asiatic front against western imperialism. If the western powers are to save anything from their years in the Orient, they must, he says, direct Japanese energies to the conquest and development of Siberia. In the interval gained by this activity Britain must work out India's problems, and help the Arabs and Iranians toward their political ambitions without damage to western interests, if the British Empire is to survive.

He envisages a peaceful Europe bound together by a four-power pact, Britain, France, Italy and Germany. "The two authoritarian nations must, with the sanction of Britain and France, develop their energies eastward." This would necessitate the separation of the Ukrainian and other minorities from the Soviet state and would result in an economic stabilization and the avoidance of a general world war, he believes. The reviewer takes issue with both his method and conclusion—Russia cannot legitimately be divided by other European countries.

The author considers a conquering imperialistic nation a manifestation of a life force that can be judged neither good nor bad. "Empire building is an eternal urge in strong races....If the nations of Europe and America consider empire-building a thing of the past, there are other peoples to whom it is an inspiring vision. In the present decade it may be decided who will be the rulers of the globe for centuries to come."

F. M. R.

CHINA'S FATE AND AMERICA'S FUTURE

The recent action of the U. S. Government in abrogating the 28-year old commercial treaty with Japan brings to a close an interesting chapter in the relations of Japan and the United States. What will the next chapter disclose?

Through an interesting coincidence **THE CHINA WEEKLY REVIEW** published (July 22), just before the abrogation of the American-Japanese Treaty, an article written by Julean Arnold, American Commercial Attache, which provides the best possible background for an understanding of the significance of the recent Washington action.

Mr. Arnold's article has been reprinted in a 20-page pamphlet under the title, "China's Fate and America's Future." It may be obtained at the rate of five copies for $1. Since it constitutes the best explanation of the situation concerning the commercial relations of America-China-Japan, it should receive a wide circulation. Order a supply and mail to your friends and connections abroad.

Order a year's subscription ($14, including postage, in China) and you will receive a free copy of the Arnold pamphlet.

THE CHINA WEEKLY REVIEW

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Shanghai, China.

Chungking is Raided Again; Missions Hit

On the night of July 31, Japanese naval aircraft bombed Chungking for the tenth time this year. Attacking the city in two formations, the raiders concentrated their bombs on the south bank of the Yangtsze River where British and American properties are most numerous, *United Press* reported, adding, however, that no foreign property was known to have been damaged. Many of the bombs feel into the river as the raiders miscalculated their ranges. One bomb hit the entrance of a dugout on the river's edge and killed ten persons. Total casualties were not reported. None of the raiding planes appeared to have been brought down, *United Press* said.

The American Southern Baptist Mission and the Stout Memorial Hospital at Wuchow, Kwangsi, were heavily damaged by Japanese aerial bombs on July 26, the United States Embassy in Peiping announced July 29. No Americans were killed or injured. The girls' school attached to the mission was struck by an incendiary bomb and burned down. Chinese dispatches received in Chungking said that 60 Chinese were killed in the raid and 330 injured.

The hospital of the Lutheran United Mission (American) at Kiaoshan, Honan, was bombed by Japanese planes on July 28. Six Chinese were killed, two wounded, and the hospital badly damaged, according to reports received by the American Embassy in Chungking from Dr. Casper O. Skishes.

Loyang, in Honan province, was raided on July 30. Japanese airmen dropped 50 bombs on the city, killing or wounding 10 persons and destroying more than 100 houses, the *Shun Pao* reported.

The Japanese authorities in Canton, according to a *Reuter* report from that city on July 24, have agreed to make an *ex gratia* payment of H.K.$500 to the United Church of Canada Mission at Pakkai, Kongmoon, which was damaged during an air raid last March 28. The Japanese authorities estimated the damage at Yen 200, although agreeing to pay $500. The mission authorities, however, said that damage amounted to $1,960. Nevertheless, the British Consul-General in Canton, *Reuter* said, expressed "strong satisfaction at this case of friendly cooperation and equitable settlement between the British and Japanese authorities."

Japan-Soviet Sakhalin Dispute Not Settled

Japan is continuing to utter veiled threats against Soviet Russia in connection with the dispute over Nippon concession rights in northern Sakhalin, where the Soviets are threatening to confiscate the oil and coal properties of concessionaires on grounds of violation of labor contracts and other offences against Soviet law.

A Tokyo Foreign Office spokesman told newspaper correspondents on July 31 that Japan would pursue a wait-and-see policy if that were deemed advisable, but "we will have to do something if the situation calls for action."

According to a *Reuter* report from Moscow on July 29, the Soviet authorities in north Sakhalin have informed Japanese oil and coal concessionaires that the fines of 590,000 rubles imposed on them would not be collected by attachment proceedings if a satisfactory settlement is effected. Simultaneously, the Moscow press denied a Japanese report of Soviet intention to liquidate the Japanese concessions, declaring that the Japanese could continue to exploit them, but only if they did so strictly in accordance with contract and the requirements of Soviet law.

Yarnell Sails Home on The President Coolidge

Accompanied by his wife, Admiral Harry E. Yarnell, retired Commander-in-Chief of the United States Asiatic Fleet, left Shanghai for the United States on the s.s. President Coolidge on Wednesday of this week, having relinquished his command to Admiral Thomas C. Hart. He went aboard the ship Tuesday afternoon. Leaving by car from Cathay Mansions where he inspected a guard of honor furnished by the French police, the retired chief of the American naval forces in the Far East was escorted to the Customs Jetty by motor cycle squads.

At the Customs Jetty the Fourth Marines formed a guard of honor and the Marine Band rendered appropriate airs. Among those on hand to bid farewell to the popular Admiral were his successor and Mrs. Hart, representatives of the U.S. Consulate and Court, the American Association, the American Chamber of Commerce and other American organizations.

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